THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

When They Raised the Price of Our Favorite Cigars!

Has The United States A China Policy?

By Stanley K. Hornbeck

Repairing Dikes and Revolutions on the Upper Yangtsze

By O. J. Todd

Boycott Brings Profit to Chinese Mills

By C. Y. Lee

Is China To Be Divided into East and West as Well as North and South?

By J. B. P.

密勒氏評論報

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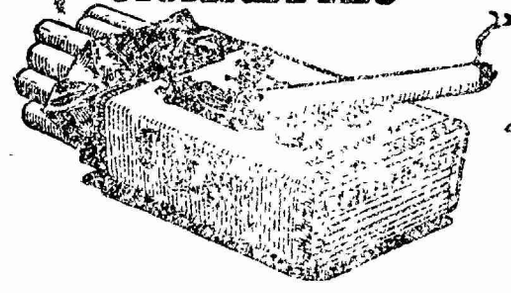
CIGARETTES



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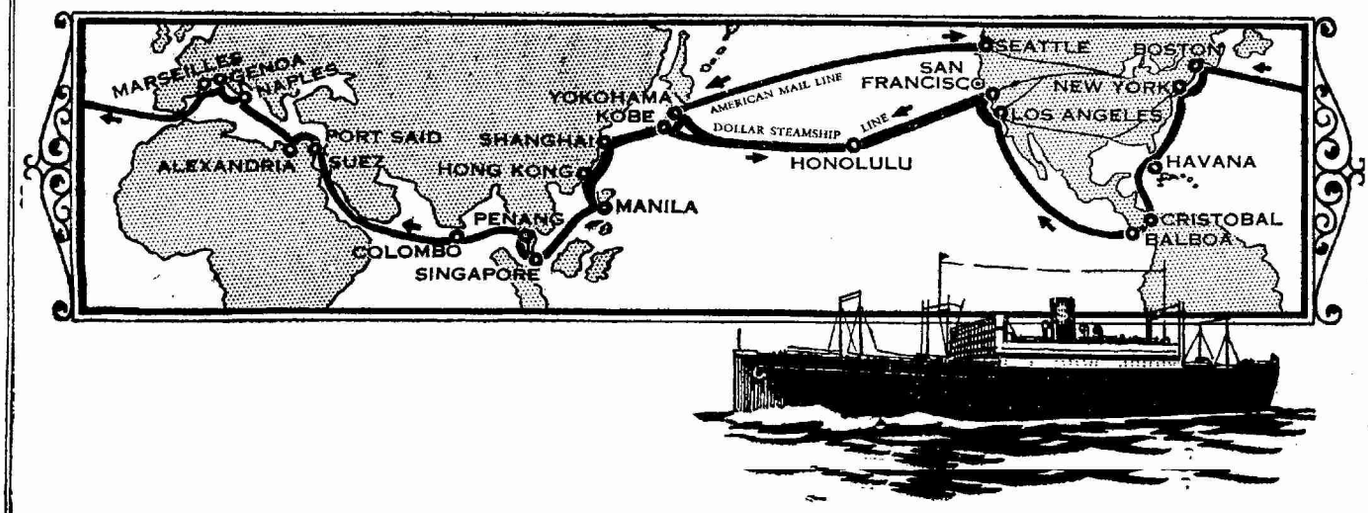

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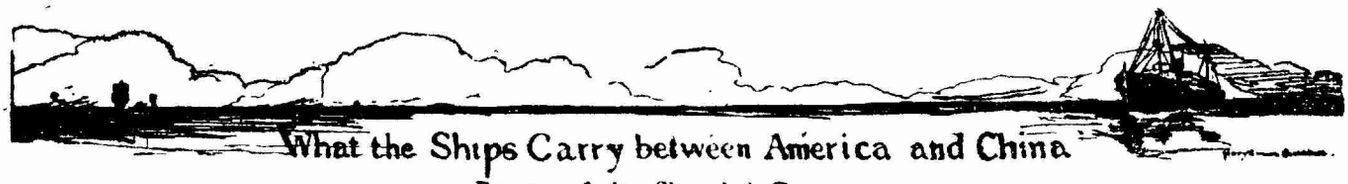

What the Ships Carry between America and China

Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces; Mil s—thousands; Hk. Tls.—Haikwan Tls., Aug. Customs Rate Tls. 1.49 equal Gold $1

TENYO MARU, June 15.

To San Francisco.

Silk Pongees, Honan ..	Pls.	7.99
,, Piece Goods ...	,,	0.55
Tea, Black, Congou, Hankow	,,	50
Tea, Black, Shanghai..	,,	1
Tea, Green: Gunpowder, Ningpo.	,,	137
Brassware.....	,,	20
Oil, Wood	,,	920
Tallow, Vegetable	,,	421

WEST NIGER, June 22.

from U. S. A.

Flour, Wheat.....	Pls.	2,117

STEEL TRADER, June 22.

from U. S. A.

Steel, Bamboo.....	Pls.	1,256
Cotton, Raw Bls. 5,605	,,	19,633

PRESIDENT TAFT, June 23.

To Honolulu.

Chinaware, Fine.....	Pls.	10

To San Francisco.

Silk Piece Goods	,,	3 51
,, Waste, Spun	,,	4.26
Pongees, Shantung ..	,,	1.82
Tea, Green: Gunpowder, Ningpo.	,,	329
Tea, Black, Congou: Hankow	,,	45
Other Ports.....	,,	20
Tea, Black, other kinds, Kiukiang	,,	8
Brassware.....	,,	101
Books, Printed.....	,,	44
Egg Albumen, Dried ..	,,	38
Oil, Wood	,,	9,454
Rugs and Carpets ...Hk. Tls.		1,137

To New York.

Silk, Raw, Filature: Wild, other Ports Bls. 5	Pls.	5.05
Tea, Green: Youug Hyson, other Ports.....	,,	55
Bristles	,,	50
Brassware	,,	107
Chinaware, Fine.....	,,	22
Woodware	,,	10
Skins, Rabbit.....	Pcs.	2,500
,, Weasel	,,	1,000

To Philadelphia.

Skins, Goat, Untanned	Pls.	.70

To Boston.

Skins, Coat, Untanned	,,	468

To Portland.

Egg Yolk, Dried	,,	5

To Los Angeles.

Brassware	,,	4
Cotton Yarn, Waste ..	,,	35

To Baltimore.

Bristles	,,	59

To Charleston.

Hair, Human	,,	96

To Houston.

Hair, Human.....	,,	92

OMI MARU, June 24.

From U. S. A.

Tinned Plates, Plain ..	Pls.	1,680

SILVERASH, June 24.

from U. S. A.

Aluminium Foils	Pls.	7
Tinned Plates, Plain...	,,	840
Flour, Wheat	,,	11,208
Gum, Resin.....	,,	1,997
Indigo Paste, Artificial: 20 per cent.....	,,	960
50 ,, ...	,,	287
Paper, Coated	,,	342
,, Unclassed	,,	526
Tobacco, Leaf	,,	49
,, Prepared	,,	12
Wax, Paraffin	,,	404
Cigarettes	Mille	75,000
Dyes, Aniline Pkgs.	1,175	
.....	Hk Tls.	27,206

EMPRESS OF RUSSIA, June 24.

From Manila.

Buntal Fibre	Pls.	5
Mangoes Fresh	,,	10
Cigars	Mille	68
Cigarettes	,,	143

PRESIDENT JEFFERSON, June 24.

From U S. A.

Canned Fruits	Pls.	54
Flour, Wheat.....	,,	404
Hams	,,	18
Milk, Condensed	,,	301
Potatoes, Fresh	,,	23
Motor-cars.....	Pcs.	9
Hats	Doz.	16
Cigarettes	Mille.	25,000
Timber: Softwood, Clear, Sup. ft.		135,939

EMPRESS OF RUSSIA, June 24.

To Vancouver.

Silk, Pongees, Shantung	Pls.	0.19
,, Piece Goods	,,	0.68
,, & Cotton Mixtures	,,	0.31
Tea, Black, other Kinds, Kiukiang	,,	23
Tea, Green: Gunpowder, Ningpo.	,,	2
Imperial, other Ports	,,	5

To Seattle.

Egg, Yolk, Dried	Pls.	38

To Montreal.

Silk, Piece Goods...	,,	0.39

To Toronto.

Brassware.....	,,	15

To Huntingdon

Silk, Raw, Steam Filature: White, Shanghai Bls. 80	Pls.	78.68

To Chicago.

Tea, Green: Gunpowder, Ningpo.	,,	498
Young Hyson, other Ports	Pls.	34
Hyson, other Ports	,,	52
Brassware	,,	34
Casings, Salt, Hog....	,,	61

To Hoboken.

Silk, Raw, Re-reeled: White, other Ports Bls. 10	,,	10.19

To Houston.

Hair, Human.....	,,	33

To Buffalo.

Silk, Raw, Steam Filature: White, Shanghai Bls. 180	,,	177.29

To New York.

Silk, Raw, Steam Filature: White, Shanghai Bls. 60	Pls.	59.58
Silk, Waste, Filature: Wild, other Ports Bls. 5	,,	5.04
Silk, Raw, Reeled from Dupions: Shanghai Bls. 10..	Pls.	9 83
Silk Pongees, Honan..	,,	25.21
Bristles	,,	55
Cotton, Waste.....	,,	101
Egg Albumen, Dried ..	,,	168
,, Yolk, Dried....	,,	440
Hair, Horse	,,	79
Intestines, Pig, Salted	,,	31
Skins, Dog	Pcs.	6,000
,, Goat, Tanned	,,	1,500
,, Rabbit.....	,,	4,000
,, Wolf	,,	176

ASIATIC PRINCE, June 28.

To New York.

Bristles, Assorted.....	Pls.	75
Brassware	,,	18
Cotton Yarn, Waste ..	,,	45
Skins, Goat, Untanned	,,	525

Weekly Cotton Market Report

By J. Spunt & Co.

China Cotton:—Notwithstanding the fact of there having been but very little demand for the local staple during the past week, prices moved with but very slight modulations in a steady direction, and toward the close the tendency inclined more to firmer levels which is attributable to no other influence than that of the firm undertone in Mid-Americans owing to the U. S. Government report published on the 9th., instant being construed bullish, indicating the area of cotton in cultivation in the United States to be about 42,683,000 acres as against 48,730,000 acres last year.

Weather conditions for the growing crop throughout the China cotton belt, from reports to hand, while not altogether as would be desired, may on the whole be considered as having been so far favourable and if similar conditions were to prevail without any untoward circumstances intervening a fair average yield of cotton may be expected during the coming season.

Spinners are keeping aloof for the time being and horders being well supported financially are in no way disposed to swerve from the favourable position surrounding their stocks in that the sentiment in the trade at this time is more bullish than bearish in view of the fact that the carry over of local cotton from last season is very small and there being still three months more to await developments as to the final outturn of the new season crop. Therefore taking a general survey of the situation the deductions evolving at this time inclines more toward the long than the short side.

Yarn:—Since the issue of our last circular, the market has been keeping steady to firm with prices advanced from Tls. 2.00 to Tls.3.00 from last week's level. In all some 6,000 to 7,000 bales of local spinnings have been booked for export to Szechuen, Canton, Swatow, Wuhu, Amoy, Fukien, Kiangse, Ningpo, Changsha, Yunan, Chingwangtao, and Hankow during the week under review.

Liverpool:—

American-Middling	9.52
American-Middling last reported	9.17
Tone of Market, *Firm*	

Indian Market:—

Fully Good Bengal, D./J.	307
Fine Oomra, July.....	338
Fully Good Broach, J./A.	343
Tone of the market—*Firm*	

New York Market:—

Price of Mid-Amer.	17.75	Spot.
	17.80	July.
	18.04	Oct.
	18.13	Dec.
	18.32	Jan.
	18.46	Mar.

Tone of the market—*Firm*

Shanghai Market:—

	Tls.
Tungchow, spot exwharf	36.00
Shanghai, Spot.....	35.50
M. Ginned, Spot.....	36.00
Shensi, No. 1 Spot.....	37.00
Ningpo. Spot, Exwharf.	35.00

Tone of the market—*Firm*

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(*Continued from page 205*)

accounts, and so on—Nanking announces appointment of Committee composed of Dr. C. C. Wu, Wang Chun-hui, Wang Shih-chieh, Chow Kong-sung, Liu Sho-sung, and Lee Chin-lun, to consider question of treaty revision, particularly revision of Sino-Dutch treaty which has expired. Office of Shanghai Magistry abolished and work taken over by Special Municipality of Shanghai-Woosung Area—Nanking Ministry of Communications suspends M. H. Deedha, postal commissioner for Chekiang province—Nanking appoints Teng Chiang-tung to inspect Grand Canal with idea of reclamation work—Shanghai Chinese Women's War Relief Association announces plans perfected for opening of Bazaar on July 16 at Nanyang University—Nanking Ministry of Foreign Affairs opens branch office at Bureau of Foreign Affairs at Shanghai—Peking Ministry of Finance succeeds in raising sum of $600,000 for paying salaries—Anti-Japanese boycott starts in Peking—Chiang Kai-shek issues strict orders against salt smuggling owing to fact that salt revenue constitutes important source of military funds—Nanking Financial Bureau orders special duty on flour, hoping to raise $2,000,000 a year from this source—Bei Tsung-chi's forces reach Chichow, Shantung and begin march on Tsinanfu—Sun Chuan-fang appeals to Pan Fu, premier for military funds; Sun starts advance in direction of Tianfu and Yengchow.

July 15—Kiukiang authorities prohibit circulation of Shanghai newspapers in Kiangsi territory—Mo Chin-to, representative of Nanking Government arrested as he left the Japanese ship Dairen Maru at Tsingtao; was accompanied by Lt. Col. Sasaki of Japanese army and was going to Shantung for purpose of inspecting Japanese troops in Shantung—Japanese Social Welfare Bureau reports that there were 1,160 strikes during 1926 which affected 325,882 workers—*Toho* report from Moscow states that Communist International has attacked the Wu-Han Government on the ground that Wu-Han is opposing the labor and farmers-peasants movements—*Toho* report states that 17 Japanese have returned to Changsha, but that no Americans or Britons have returned—Japanese message from Hankow states that N. Y. K. steamers Tachi Maru and Wuling Maru returned to Hankow from Ichang with cargoes and that regular service is being started—*Toho* message from Peking states that Chinese military police which have entered the Legation area in plain clothes report that Madame Borodin is not staying at the Soviet Embassy, but in the German Legation—*Nationalist News Agency* (Hankow Official) states that Wu-Han Central Political Council has ordered raise of $5 monthly for all postal employes in Wu-Han area—All China Students Federation at Hankow has instructed students throughout China to carry on propaganda in summer vacations—T. V. Soong, Minister of Finance of Wu-Han Government, who has been in Shanghai, has returned to Hankow and has resumed office—Sou Cheng-ing, chairman of the Chinese Seamen's Union offers assistance to British officers of China Navigation Company who are on strike—People's Tribune, official organ of Hankow Government, attacks *North-China Daily News*, official British organ in Shanghai for series of articles constituting alleged exposure of Soviet connections with Wu-Han Government—Nanking report by *Kuo Wen* states that Nationalists expect to capture Tsinanfu within few days—50,000 Nationalist troops participate in manoeuvers at Nanking in celebration of first anniversary of Nationalist campaign-Gen. Hsia Toa-yin of Hupeh, who has been at Nanking returned 'up river'—Dr. Wellington Koo may be appointed Chang Tso-ling's delegate to Geneva in place of Chu Chao-hsin, resigned—*Kuo Wen* dispatch from Peking states that Fengtien will make Kaoyih the first line of defense-Li Chin-fang, representative of Yen Hsi-shan at Peking states that Yen is in affiliation with Chiang Kai-shek and that their views are similar in respect to the future of the Nationalist Movement.

July 16—*Toho* message from Canton states that several Cantonese gunboats have moved up river to Samshui and rumors are current that the Canton-Hankow Railway has been cut but report unconfirmed—*Toho* report from Tokyo states that Major-General Sudao Araki, chief of first section of general staff, Col. Katsura Hayashi, chief of military affairs section of War office and Masayuki Tani, first secretary of Embassy, departed for Tsingtao and Tsinanfu to inspect the Japanese troops, following which they will go to Tientsin, Peking and Mukden-Chang Chung-chang, commander of Shantung troops telegraphs Pan Fu that a representative of Chiang Kai-shek is in Tsingtao for the purpose of discussing a compromise—*Toho* report from Hankow states that while Gen. Tang Shen-tse has taken action against the communists at Wu-Han, that the influence of the communists has not declined; that cosiderable anti-Chiang Kai-shek feeling still prevails in Wu-Han; that troops of Gen. Chang Fa-kwei, are proceeding down the Yangtsze to Kiukiang and that in the meantime Chiang Kai-shek has commandeered steamers of the China Merchants Steam Navigation Company and is transporting troops from Nanking under gunboat escort to Anking and that it appears that hostilities may break out shortly—Chinese Ladies Bazaar for relief of soldiers opens in Nanyang University, Shanghai, the opening address being delivered by Mrs. Quo Tai-chi who stated that the Southern or Nationalist troops were not influenced by selfishness and stating that the bazaar was to raise funds for assisting the cause—Central Bereau of Cigarette and Tobacco Tax issues declaration that any company refusing to submit to the new taxes will be closed down and product confiscated—Ministry of Communications announces that name of Nanyang University, Shanghai shall be changed to 'Chiaotung University and that Wang Poh-chung will be president of the institution—Wang Yoong-pao, Chinese Minister in Japan wires Pekihg Government that if China can maintain absolute peace and order in Shantung, the Japanese troops will be withdrawn—Gen. Loh Tien-chen formerly under Admiral-General Pi Shou-tsen, who was executed by Chang Chung-chang, has joined the Southern forces and announces his intentions to cut the Shantung Railway at Kaomi—Chang Chung-chang's troops have retreated to the Chaiho River and Sun Chuan-fang's troops have taken their places on the Shantung front—Gen. Chang Hsueh-liang son of Chang Tso-ling, is organizing a reserve army at Tientsin—*Kuo Wen* report states that Dr. and Mrs. Wellington Koo are planning to depart shortly for Holland—Marshal Chang Tso-ling announces the following generals to head various units of the Fengtien forces: Chang Chung-chang, Sun Chuan-fang, Chang Hsueh-liang, Han Lin-tsung, Chang Tso-hsiang, Wu Chun-sung, and Chu Yu-puh—Several airplanes arrive in Nanking from Canton—Nanking report by *Kuo Wen* states that Feng Yu-hsiang has ordered his troops to drive Fengtien forces beyond Shanhaikwan before the end of one month—Student attendance at Peking Universities drops to one-tenth of normal enrollment.

July 17—Soviet Consulate at Shanghai reports that Borodin has gone to Kuling for a rest and has not departed from Hankow permanently as previously reported by the foreign dispatches from Hankow—Peking Cabinet Meeting decides to dismiss Shen Chia-yih, head of the Peking Supreme Court owing to the release of Madame Borodin; Chia Chin appoint-to court in place of Shen Chia-yih—*Toho* report from Peking states that Chiang Kai-shek is trying to negotiate an agreement with Chang Chung-chang in order that they might combine against Feng Yu-hsiang and drive Feng out of Honan; report unconfirmed from any other quarter-Powers lodge further protest with Peking Government against violation of salt agreement by Nationalists in Kiangsu and Chekiang—S. Yada, Japanese Consul-General at Shanghai who has been in Tokyo attending a conference with the Premier, expected back in Shanghai shortly—*Toho* states that Teng Yen-ta, chief of the General Political Department of the Wu-Han Government, has resigned on the grounds that the present policy of the Government is contrary to the Three People's Principles, particularly as affecting agriculture and the industries.

July 18—Although members of Nanking Government deny that negotiations are proceeding between Chiang Kai-shek and Chang Tso-ling, *Toho* reports persist in stating that Chiang's representatives are in Peking trying to reach an understanding, one agent from the Nanking General, Fang Pen-jen stating that the basis of an understanding would require Chang Tso-ling to return to Mukden but may retain his title of generalissimo', that a people's conference be called; that Central Government adopt committee system, that campaign against reds continue internally; despite peace talk Gen. Chang Chung-chang makes fresh advance against Chiang Kai-shek's troops in Shantung—Sun Chuan-fang goes to Peking, presumably to discuss peace with Chang Tso-ling—Chinese authorities in Chihli province announce intentions to seize salt revenue which amounts to $12,000,000 a year, but Britain, Japan and France send offcials to Tangku to prevent action—Portugese Minister in Peking flatly rejects Chinese demand for retocession of Macao—*Toho* report from Nanking states that Nationalist troops are being withdrawn from Shantung front to oppose military advance against Nanking from Hankow—Wu-Han Government prohibits the export of raw cotton—*Kuo Min* agency circulates copy of Wang Chuug-hui's address upon his acceptance of office as Minister of Justice of Nanking Government stating that China's efforts to reform her law code is not for the particular purpose of preparing for abolition of extraterritoriality, but rather for the service os the Chinese people—Owing to Nationalist Government's silver embargo, Tientsin banks prepare to import silver directly from England—Peking Government empowers Dr. Wellington Koo to negotiate new treaties with France, Belgium, Japan and Spain.

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密勒氏評論報

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Formerly Millard's Review

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Colorado Building, Washington, D.C.

THE ELEMENT OF INDIA IN THE CHINA SITUATION

EVERYWHERE you turn in the Far East you run up against Englishmen who tell you that nothing can be done in the direction of improving China's international status, "owing to the possible complications which it might cause England in India." You even run up against the same thing in the Philippines. A few weeks ago one of the American Senators was in Manila and in the course of a conversation with an Englishman on the subject of Philippine independence, the Englishman said, "If you turn the Philippines loose, England will be forced to take them over, because we can't afford to have the Filipinos become free because of the adverse effect which it might have on our position in India." The Senator's exact words in reply to this would not bear reprinting here, but it is a fact as stated above, that everywhere one turns in the Far East one hears this argument that nothing can be done toward granting the legitimate rights of Orientals "because of the effect on India." We even hear the same argument advanced against American recognition of Russia. In the July number of *Foreign Affairs*, the quarterly review of the American Council on Foreign Relations, we find an anonymous article entitled "Our Much Abused State Department" in the course of which the writer discusses the problem of American recognition of Soviet Russia. Several perfectly sound arguments are advanced for non-recognition of the Soviet Government, but the whole thing is spoiled by the statement, "American recognition of the Soviet would be a direct blow against Great Britain because the added prestige of American recognition and even more the loans which might be secured in the American market would be an incentive to further propaganda....."

NO ONE of sanity questions the fact that the United States should try to maintain friendly relations with Great Britain, but when American diplomacy is circumscribed all around the world and the American people are prevented from following their better instincts in their relations with other peoples and all "because England might not approve," it seems that the thing is being carried too far. This is particularly true in respect to America's relations with the peoples of the Orient, where we are constantly under suspicion of hedging and suppressing our natural inclinations because of a fear that straightforward action might adversely affect our relations with England. And the argument always ends up with India. "England can't afford to make concessions in China because of the effect on India," "England can't afford to grant Chinese independence because this would encourage the

Indian nationalists," "America can't grant reforms in the direction of ultimate independence for the Philippines, because it would embarass England in India." These are the statements that one hears everywhere Americans and Englishmen meet throughout the Far East and it is unfortunate that more Americans do not have the 'guts' of the American Senator who told the Englishman in Manila that the United States proposed to do what she thought was right in this part of the world, irrespective of whether England approved or not and furthermore if England with all her great resource of military power and financial reserve couldn't handle the situation in India, then there was little that America could do to help her anyway. There is no questioning the fact that England does have a serious problem in India, but it's a problem of England's own making and a problem that England must solve and probably will solve, but to argue that America shouldn't do the right thing in China or in the Philippines simply because of possible deleterous effects upon Britain's position in India, is pure nonsense—or possibly propaganda—to use a better word.

BRITISH SHIPPING STRIKE AND THE NEWSPAPERS

IN LAST week's issue of *The Review* reference was made to the fact that between 400 and 500 British officers, engineers and assistants employed by the British shipping firm, China Navigation Company, of which Butterfield and Swire are local agents, are on strike, causing the tying-up of nearly 100 ships engaged in the China coastal and river service. In our account of the strike reference was made to the fact that the three British newspapers in Shanghai, the *North-China Daily News*, *China Press* and *Shanghai Times* had almost completely ignored the strike from the standpoint of news. In the reference to the *Shanghai Times* the statement was made that while that paper had published more on the strike than the other two newspapers, the articles published had been 'inocuous,' which statement was not exactly correct for we find in the issue of the *Times* for July 1, a statement (previously overlooked) of the causes of the strike as follows:

> The officials of the China Navigation Co., yesterday intimated they had no statement to make on the position at the present juncture. The officials of the Guilds had nothing further to say apart from the fact that the attitude of the men was decidedly firm. So far no negotiations have been opened between the two parties and the situation may be described as a deadlock. All day yesterday messages were being received intimating that the officers of the various vessels of the Company were obeying the instructions of the Guilds and following the pre-arranged plans for the complete tying up of their ships. The vessels will not be taken to sea by their officers until instructed to do so by the Guilds and these instructions will only be issued in the event of the officers' demands being granted by the Company.
>
> "It immediately appears that an impasse has been reached and until one or another of the disputants concedes a point the entire fleet of the China Navigation Co. will be rendered idle. The men are demanding the abolition of the 10 per cent, salary reduction imposed by the Company on March 31 and the return of the percentage which has been deducted since that date. As an alternative proposition they demand that the question of the wage reduction be taken to arbitration in accordance with an agreement entered into by the Company in 1916 following the dispute of that year.
>
> "The officers opposed the reduction as soon as it was proposed but offered no active resistance to its enforcement on March 31 owing to the state of emergency existing in Shanghai at that time. They stated then that they reserved the right to take up the dispute at a later date and as soon as the emergency ceased to exist. The Company had been informed that unless the demands of the officers were acceded to before midnight of Wednesday last the officers would bring about the strike. This threat has been carried out and the Company's vessels are idle to-day."

THIS account appeared under a single-column heading on Page 1 and was continued on Page 3. Other items on the page, which may or may not have been of as much importance as the shipping strike, received larger headlines and better display, but we are willing to give the *Times* the benefit of the doubt for this article and some succeeding ones did contain information regarding the strike which the public is entitled to. But this does not negative our previous statement that the strike has either been ignored or purposely minimized by the local British press, proof of which exists in the fact that although the strike has been in progress for more than two weeks there hasn't been a single editorial published in any local British newspaper on the subject of the strike. According to the editor of one of the local papers the reason for this is due to the fact that owing to the deadlock "there has been nothing to print" due to the fact apparently that the Company is awaiting instructions from the home office. Meaning by this, we suppose that it is necessary to wait for letters to be sent to the head office in London and a reply to be received, which means, if the letters were mailed by the India-Suez route, it may require three months. One would think in a serious matter of this kind, involving the loss of millions of dollars, that the cables would be used, but apparently not so! Of course, what the Company is trying to do is to starve the men out, knowing full well that the present shipping depression plus the Chinese boycott of British shipping and merchandise, makes it practically impossible for the men to obtain other jobs. It is also possible that for the same reasons the Company is finding it more profitable to tie up the ships than to operate them at the present time. But to refer again to the handling of the news of the strike by the local British press, we find that the newspapers in Tientsin and Hankow, being located farther away from the home office of the Company than the Shanghai newspapers, have been able to publish both news and editorials on the strike as witness the following from the (British) *Peking and Tientsin Times*, which did not appear in any of the local British newspapers but which was circulated to the Shanghai public through the mail by the striking officers:

> Inasmuch as the 1916 agreement provided an absolutely impartial method of settling disputes between the Company and its floating staff, starting with a discussion by the interested parties under a neutral Chairman, and, if that failed, making arbitration obligatory and binding, the natural inference that will be drawn from the Company's refusal to have recourse to this procedure in connection with the present dispute must be that it knows that it cannot submit a case which would convince any arbitration tribunal. The Company stated in 1917 that its repudiation of the 1916 Agreement was not to be taken as an indication that it was opposed to arbitration. The natural assumption, therefore, is that it is only opposed to arbitration when the award is likely to be unfavourable to it. We wonder whether, in the event of the floating staff suddenly putting forward demands for an all round increase in wages of ten per cent, and the Company feeling satisfied that it could convince any impartial tribunal that such a demand, under present conditions, was unjustified, it would have refused to submit to arbitration, and whether, if it proposed arbitration, it would fail to point out the natural inferences to be drawn from its rejection on the part of the staff. This, it seems to us, is the crux of the whole question. The Company, which more than ten years ago accepted arbitration as the means of settling disputes with its staff, now asserts its right arbitrarily to reduce the salaries of the foreign floating staff, and when they object, and demand arbitration, to terminate their services—with all that that would mean in the forfeiting

of pension and other rights—at a few day's notice. It is not "opposed to arbitration". But "there can be no question of arbitration," when its officers feel aggrieved, and maintain, rightly or wrongly, that no case can be made out for the sudden reduction in their pay. This attitude cannot but make a most unfavourable impression upon the public, who appreciate the great services rendered by the British Merchant Marine, in peace as well as in war, and are concerned to see that its members receive fair play.

U. S.—BRITISH NAVAL RIVALRY NOW OUT IN OPEN?

SINCE the French are not participating in the triangular naval conference at Geneva participated in by America, Great Britain and Japan, they are in a peculiarly favorable position to view the conflicting interests from the standpoint of basic rivalries. Therefore the *Reuter* dispatch from Paris on July 16 which quoted the Geneva correspondent of *Le Matin* was most interesting in that it stated that an agreement between America and Japan might easily be made but that a tripartite agreement including Great Britain, would be most difficult to obtain. The dispatch then stated that two facts were apparent, one being that a new phase has been started in the relations of America and Britain which has heretofore regarded war between the two countres as impossible, and the second fact being that American-British naval rivalry, heretofore concealed, is now out in the open. It has been difficult to understand what has been going on at the Geneva Conference from the meager reports reaching this part of the world, but it is apparent that the naval experts have been unable to reach agreement, which may necessitate the principals stepping in and trying to do what the experts have failed to accomplish. The real problem naturally is involved in Britain's surrendering the naval supremacy which she has enjoyed for so many years and accepting *absolute* parity with the United States. A dispatch in the *Manchester Guardian* on June 25 quoted the *New York World* as saying,

> "No such change as this has ever yet taken place without war, and the supreme test of statesmanship in this generation will turn on whether this inevitable parity is to become an equality between co-operating partners, or a conflict between rivals. That it ought to be an equality of co-operation goes without saying, for a rivalry between English-speaking peoples so equally matched in power would be the worst disaster that could befall mankind."
>
> The *World* adds that for the British this redistribution of power means the extension to world affairs of the same principles of statesmanship which have inspired their dealings with the self governing dominions of the Empire. "London has had to share its power more and more with Canada, Australia, and South Africa. There is no tragedy in this, and there need be none in a willingness to share world power with the United States."

AN EXCELLENT EXAMPLE OF THE 'SHANGHAI MIND'

FOR THOSE unfamiliar with Shanghai geography there are some narrow plots of vacant ground along the Shanghai Bund between the street and the water-front. These narrow plots are covered with grass and strictly-speaking belong to Shanghai's Park system from which Chinese (and dogs) are excluded. Recently the Chinese coolies who transport cargo from the warehouses to the lighters along the Bund, have been invading these grass-plots in order to find a little relief from the asphalt streets and sidewalks, which during the recent hot spell, have been of a temperature which the fundamentalists tell us prevails in one section of the hereafter. But the Chinese coolies are not to be permitted to use the grass-plots, that is, if the Municipal authorities heed the complaint of a writer who aired his (or her) views in the *North-China Daily News* last week to the following effect:

The Bund Foreshore

To the Editor of the
"North-China Daily News."

Sir,—Some little time ago the attention of the Municipal authorities was drawn to the fact that the Bund foreshore grass plots, which according to regulations are reserved for foreigners as a highly necessary breathing and walk space, were being invaded by swarms of Chinese coolies.

The situation now is far worse than before and on these evenings this ground is crowded with hundreds of coolies and others lying about in a most disgusting manner in all stages of undress.

Foreign ladies who came to obtain the cool air in the evening found it impossible to walk there at all and had to retire in disgust.

As this open space is of the greatest value to the health of the foreign community, and as its invasion by hundreds of Chinese coolies is directly prejudicial to this end, and is directly contrary to Municipal regulations, it is urgently needed that the Police again be instructed to enforce the regulations immediately and strictly.

Some section of the Municipal Police is surely responsible for the enforcement of regulations regarding this matter and it seems to us ratepayers that failure to do so should call for reprimand.

I am, etc.,

DISGUSTED.

Shanghai, July 12, 1927.

When They Raised the Price of Our Favorite Cigars!

BY J. B. P.

THE FAMILIAR brand of Manila cigars for which we have been accustomed to pay $8 (for a box containing 100) suddenly jumped to $13 last week. Then only did we realize that Nationalism had really come into effect in China. We had previously heard much about the abolition of the so-called unequal treaties; about China's desire to manage her own house in her own way; about China's desire to exercise control over all who reside within her borders; but we didn't realize that there was anything to all this noise until they jumped the price of our favorite brand of cigars. Now we agree with Senator Bingham that the Revolution is a fact and that the old days of 8-cent cigars are gone forever. In accordance with old time practice we appealed to our Consul for relief, explaining to him the iniquities of a situation which permits a tobacco dealer to charge 13-cents for cigars which he sold at 8-cents a few days previously but our Consul merely said that he would forward our protest to Mr. Kellogg, and that he couldn't do anything about it right away because he hasn't any instructions. We explained to our Consul that it was contrary to treaty rights; that it was an infringement of foreign rights; that it was a heluva situation when our sacred treaties were being trampled under foot this way; that the cigars really weren't worth the 8-cents we had been paying for them previously and that to be forced to pay 13-cents for them was nothing short of an abomination, a flagrant example of anti-foreignism. Finally our Consul said, "Why don't you write a letter to the *North-China Daily News* about it?"

Which, we suppose is the 'Will-Rogeresque' way of stating that Shanghai is in the grip of the

Nationalists and that the old days of foreign imperialism—and 8-cent cigars are gone forever. Our first impression was to go down and get on a boat and go to Tientsin, for surely Marshal Chang Tso-ling, friend of the foreigner, wouldn't permit a tobacco dealer to charge 13-cents for 8-cent cigars, but before making our decision about the trip to Tientsin we happened to read an article in the esteemed *Times* by Putnam Weale who is rampaging around like an adviser out of a job, and Weale said in his article that even Chang Tso-ling was clamping on the taxes too. So whatinell are we going to do about this matter of China becoming independent and acting like a sovereign nation, all at once so to speak?

The situation seems to narrow down to something like this: A few months ago, or to be exact, on Jan. 31 last, Sir Austen Chamberlain, British foreign secretary in a speech at Birmingham declared that all Great Britain wanted was a "strong, united, independent, orderly and prosperous China and that Britain would contribute all that was possible toward that end and she was ready to meet China half-way—she was ready to relinquish her special rights...etc... As regards taxation, we are prepared to make British subjects liable to pay the regular Chinese taxation, provided that it does not involve discrimination against British subjects or goods...This would include taxation levied under the national tariff when such a tariff law was promulgated, and as far as we alone can effect such an object, that would remove the last obstacle to full tariff autonomy."

The Chinese, or at least the Nationalists, seem to have accepted Sir Austen Chamberlain's statement at face value for no one questions the fact that the said taxes are being levied. The new imposts which had been levied up to the time of writing these paragraphs included the following:

1—Import surtax of 2½ percent authorized at the Washington Conference in 1922.
2—Luxury surtax of 2½ percent on imports authorized at the Peking Tariff Conference.
3—Export surtax of 2½ percent. announced by the Nationalist Government late in June and enforced on July 1.
4—Special tax of 50 percent on cigarettes and tobaccos.
5—Special taxes on coal, flour, kerosene, gasoline, alcoholic liquors, etc..
6—Flat import customs duty of 12½ percent on general products and 30 percent duty on luxuries, to go into effect on Sept. 1 when likin is to be abolished.
7—Fifty percent increase in tonnage dues upon all shipping.
8—Complete customs autonomy on Jan. 1, 1929, by which time China hopes to have drafted and enacted a National Tariff Law.

Then in addition to the foregoing tax schedules, the Nationalist Government last week announced an embargo on the export of silver particularly to northern Chinese ports such as Tsingtao and Tientsin, the purpose of the order being to prevent Marshal Chang Tso-ling from drawing silver stocks out of Shanghai for the payment of troops and the financing of the war against the Nationalists. The silver embargo, plus the imposition of the new tax schedules, has naturally had a serious effect upon trade on the part of local foreign and Chinese merchants and from the standpoint of the foreign banks has paralyzed their exchange activities which constitute their chief source of livelihood.

Foreign consular officials at Shanghai as well as the foreign chambers of commerce have protested the new taxes and silver embargo on the grounds of legality, but thus far have been unable to obtain any satisfaction from the Peking Diplomatic Body or from the home governments. Likewise they have obtained no satisfaction from the protests which they have made against the plan of the Nationalist Government to float a loan of $60,000,000, on the security of the salt tax in Kiangsu and Chekiang Province, the Powers, or at least Japan, Britain and France, claiming that this constitutes a violation of the previous commitments of the Peking Government covering foreign loans. Instead of heeding the protests the Nationalist Government has abolished the offices of the salt-inspectorate and are proceeding toward the formation of their own organization which will be independent of foreign control.

From the standpoint of the foreign and Chinese merchants the worst complications have come from the methods applied in the imposition of the new taxes, the Government announcing the tax one day and applying it the next, thus not giving sufficient time for readjustment. This has disrupted trade, and according to report, has caused wholesale cancellation of contracts pertaining to imports and exports. This, however, does not apply to the imposition of the 12½ percent customs import duties applicable on September 1, for which time for readjustment has been given. According to report from Nanking, the Government has drawn up two ordinances, one covering the abolition of the likin or transit tax and the other covering the assessment of the 12½ percent tax on general imports and 30 percent on luxuries. Under the new regulations luxuries are to be placed in three classes with rates based upon the nature of the article imported. The ordinance on likin provides for the abolition of likin and all transit duties of like nature, including the 2½ percent transit duty on imported goods. The 'native' customs houses are to be closed, though customs sub-stations may be established for police purposes.

The sentiment in Government circles in Nanking seems to be that if the Powers are not going to proceed toward the revision of the old treaties affecting the tariff, that China shall do it without their consent. "If the Powers do not try to understand Chinese sentiment, the fault lies mainly with them instead of with the Chinese," declares our correspondent, who states that the Nanking Government intends to introduce a new era into Chinese tax administration, believing that the abolition of likin will ultimately prove a boon to the development of commerce within China and lead to trade stimulation which has been next to impossible for the past sixty years since likin was first instituted. Says our correspondent, "The increase of tariff rates may prove a temporary setback, but after all the prosperity of internal commerce in China depends upon the ability of the Chinese people to buy. If that ability is increased by wisely directed governmental policy, all persons, foreigners as well as Chinese, will gain.

The predicament of the foreigners in respect to the new tax program of the Nationalist Government is based chiefly upon the Powers blundering diplomatic methods in respect to China. Despite the fact that the Nationalist movement has been in progress for many months and has swept to the banks of the Yellow River, the Powers continue to keep their legations in Peking and thus have given the impression of recognizing the Peking Government to the detriment of the Nationalist regime which controls most of the country. The ridiculousness of the situation was observable last week when Great Britain, France and Japan protested to Marshal Chang Tso-ling's Government in Peking regarding violation of the salt agreement which had taken place in territories under the Nationalists. Aside from the necessity for raising more money for their military campaign, one of the principal objects behind the Nationalists' present activities is to obtain recogni-

tion from the Powers. Thus far the Powers have shown little inclination to recognize either Nanking or Hankow, preferring to let matters drift until the completion of the military campaign in the North. It is understood that Great Britain has refused to have any official relations with the Nationalists until the Nanking incident is settled, while from the standpoint of the Nationalists they declare that they have indicated their willingness to negotiate a settlement of the Nanking incident, but that none of the Powers, with the possible exception of Japan, has responded to Nanking's request that representatives be sent to Nanking to appraise the property losses and try to arrive at an understanding. The Japanese are understood to have sent a vice-consul to Nanking for this purpose, but none of the other Powers have responded to Nanking's invitation. Thus the situation is at a deadlock and in the meantime the Nationalist Government is proceeding on the theory that it is an independent Government unrestricted by treaty commitments which apply only to the Peking Government.

It would thus seem that the Powers have reached the point where they must either recognize the Nanking Government and then try to negotiate some kind of an understanding on the question of the new taxes, or to attempt to use force to compel observance of the old treaties. And since the use of force is out of the question, it would seem that the only way out is to grant some form of recognition to Nanking and then try to reach an understanding, otherwise the Nanking Government is likely to continue its present policy of disregarding the treaties to the point where extraterritoriality may be abolished. As a matter of fact the Nanking Government recently appointed committees to consider both the question of abolition of extraterritoriality and rendition of the International Settlement.

Shanghai Office of Dalbank Raided by S. M. C. Police

The Dalbank, official financial agent of the Soviet Government in Shanghai, was raided by police of the International Settlement assisted by Russian White employes of the Municipal Council, on Saturday, July 16. The police surrounded the building at about 10 o'clock in the morning and occupied the premises for about four hours during which time a complete record of documents, contents of safes and lists of persons having accounts with the bank was made, the records being copied by White Russians employed by the Council. According to the police the raid was made upon the authority of Gen. Yang Ho, local defense commissioner of the Nanking Government, who obtained a warrant from the Provisional Court. After completing the raid and examination of documents the police returned to the premises in the evening and officially sealed the bank. The raid is supposed to have been inspired by recent reports appearing in the Shanghai press that the Bank was financing local communist groups and the Wu-Han Government.

Union Trading Company of Tientsin Fails for $5,000,000

The Union Trading Corporation, Inc., leading Chinese firm interested in the import and export business, with head offices in Tientsin, has failed for the sum of Mex. $5,000,000, according to an account appearing in the *North China Star* for July 12. Henan Chi, manager of the Company disappeared, but later returned; K. K. Wang, assistant manager, has been detained by the police. According to the report the failure of the Union Trading Corporation was due to speculation in flour although there are rumors of irregularities in the firm's accounts particularly in respect to warehouse certificates which have been hypothecated with various banks in Tientsin, including the Chung Yuan Bank, China and South Sea Bank, Chinese-American Bank of Commerce, Bank of China, Bank of Communications, Industrial Bank of Chekiang, Bank de Francaise-Chinois, Far Eastern Bank and Bank of Agriculture and Commerce. The American Overseas Warehouse Company, Inc. which has a considerable quantity of the Company's merchandise stored in its godowns, is also said to be involved in the failure.

Collapse of the Chinese Salt Gabelle

BY LAWRENCE IMPEY.

THERE are three public services in China which were in the main organised and controlled by foreigners, the Customs, the Post Office, and the Salt Gabelle. As far as the first named is concerned it is chiefly located in treaty ports and on the sea coast where foreign suppervision may still be exercised in spite of the chaotic condition of the country. If the Post Office deteriorates owing to dismissal of foreign supervisors and replacement by native talent it is the Chinese only who will suffer from this mismanagement. The outside world need not be greatly concerned.

But when the Salt Gabelle is affected it is a matter for considerable apprehension abroad, as the principal and interest of three or more important loans are guaranteed by the revenues from this bureau. For the last three years the situation has been gradually going from bad to worse where the Gabelle was concerned. Province after province has followed the example set by Chang Tso-lin in Manchuria in 1924 in refusing to remit salt revenues to the headquarters offices of the Gabelle in Peking. On these receipts are secured the Anglo-French Loan of 1908, the Crisp Loan, and a secondary guarantee for the Reorganisation Loan. For the past nine months or more there have been no payments coming in from the territories controlled by the Cantonese, and naturally, the same applies to Manchuria, in fact the only depot that was really collecting and forwarding funds was the one at Changlu, near Tientsin.

Even here the local despot had several times threatened to confiscate the revenues in the established freebooting style set him by superiors in other parts of the country, but a judicious bribe of three hundred thousand dollars a month has so far pursuaded him to hold his hand and permit the foreign salt authorities to carry on their duties.

As long as the revenues came to more than this sum all was well, or rather let us say, the Gabelle authorities preferred to regard half a loaf as better than no bread. But last month the civil war had so disorganised the country that the receipts at the Changlu bureau were cut down by half, while as if to add insult to injury the local despot demanded a rise in "pay" to six hundred thousand dollars. This was the proverbial straw that broke the camel's back and July finds the Gabelle unable to deposit the usual receipts in the customary foreign banks. At the moment there is a reserve of somewhere between two and a half and three million dollars to the credit of the banks, as against some eight million dollars last year, while in September the interest on both the Anglo-French and the Crisp Loans, amounting to five million dollars altogether, falls due.

Well-informed circles in Peking state that this demand can be met, but that with this payment the Gabelle will find itself in such a precarious financial position that it will probably prefer to pay off its foreign employees and grant them any indemnification which is due for breach of contract rather than endeavour to struggle on with empty cash boxes. The Salt authorities had hoped against hope that some stable government might arise which would render this course unnecessary, but in view of the secession of the southern provinces and the confiscation of the revenues from Manchuria it seems useless to prolong the struggle. The foreign investors who hold securities guaranteed on the Salt Revenues are deserving of the fullest sympathy, but unless the already overtaxed Customs comes to the rescue it is difficult to see whence their dividends are to be paid after next September.

The American government has already stated that it is not concerned with the use of force in the collection of loan repayments for its citizens, it remains to be seen whether the other Powers are in agreement with this recently enunciated principle.

Peking, July 18, 1927

SAN MIN CHU YI

(The Three People's Principles)

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The Commercial Press, Ltd., Publishers

41-251

Repairing Dikes and Revolutions on the Upper Yangtsze

BY O. J. TODD

(Chief Engineer China International Famine Relief Ass'n.)

FLOODS ALONG the Yangtze are soon forgotten—by the outside world. They do not seem to cause the same commotion as those along the lower Mississippi. Perhaps the public generally knows less about them. But they are destructive of life and property particularly in the Province of Hupeh. Sometimes the effects of these inundations of large areas of farming lands becomes so serious as to threaten famine to populations running into millions. This was the case a year ago immediately west of Hankow.

In August of last year the Yangtze at Hankow was higher than it had been in many years. Special precautions had to be taken on the Bund by use of sand bags and hundreds of boat loads of earth placed along the roadway's edge as a low dike or barrier. At the same time the Chang Kung Dike protecting the city on the north became so saturated by the ponded water several feet deep lying immediately north that it settled and slid in places where the foundation was soft. Here night and day efforts by hundreds of workmen with rock, sand bags, boats, and baskets of earth were required to save the city.

Cause of the Floods

The cause of this high water is not alone assignable to heavy summer rains in Szechuan along the upper stretches of the Yangtze. The Han River also has a heavy flood flow that enters the Yangtze at Hankow. Then the Siang coming in from the south through Hunan Province adds its share to the high water discharge of the larger river. Below Kiukiang the Kan enters the Yangtze from Po Yang Lake and often conspires with the other feeders above mentioned to increase the flood flow at Hankow. Seldom are all of these rivers at maximum flood simultaneously, but when they are then dikes break and farms are drowned.

The protective works along these rivers are planned to care for ordinary high water and a little better but not for superfloods. The old diking system on China's larger rivers does not insure far into the future. The Factor of Safety of these structures is low. So they often fail in time of extreme high water.

The floods of 1926 caused serious breaks in the dikes of the Yangtze at Che Wan near Kien Li, 200 miles above Hankow, and in the vicinity of Chen Chia Wan, 250 miles up the Han River. There were other breaks near Farmers' Bend on the Yangtze 50 miles above Hankow and for miles in that district the wave wash was so bad that the dikes needed repairing. Similar damages occurred to the dikes toward Kiukiang.

The Revolution of last autumn found Hupeh in distress in a large section of its best farming country. The high water of the summer of 1926 had left eleven counties to the west of Hankow practically ruined as far as fall crops were concerned. This was in the triangle between the Yangtze and the Han River and a strip between the Yangtze and the hills to the south. Repairs had to be made before the summer of 1927, if summer and fall crops were to be planted. As the Southern troops advanced the old provincial Government weakened and lost its power to function. It looked hopeless for the farmers.

Wu-Han Government Interested

Then an appeal was made to the new Nationalist Government which proceeded to organize a River Bureau and study the problem. It was decided in early winter to undertake repairs on an extensive scale. On this new Hupeh River Conservancy Board were Minister of Foreign Affairs, Eugene Chen, Minister of Communications, Sun Fo, and Minister of Finance, T. V. Soong, all of whom took an active interest in this work. Their river staff estimated that $3,000,000 would be required to properly repair the dikes along the Han and the Yangtze in Hupeh Province to insure crops against inundation in 1927.

The program adopted did not mean any great departure from methods previously followed, but meant dike repair on a more generous scale than had been known in many years. Though the work did not get started until February the major portion of it was completed by June 10. Practically all the earthwork program was carried out leaving the dikes in far better condition than they were a year ago. The stone work was not as a rule carried out due to shortness of the season and the military movements that made it difficult to procure boats. (Reference is here made to the movement of some of Yang Sen's troops into this territory). At present writing the Han River work has not been completed but probably will be in time to care for the July floods. Along the Yangtze, however, things are in pretty good shape with earthwork practically complete.

Just what the total cost of this work will be up to July 1st when it will close cannot now be stated, but it is estimated at something around $2,000,000. The funds to cover this work were raised by the Minister of Finance in Hankow by special taxes, the chief one being a surtax on Customs.

20,000 Workers Employed

Men, women, and boys took part in this work. On the repairs of one dike alone—two miles long—20,000 workers were employed in April and May. At the height of the work in April a total of 50,000 farmers took part in this dike program, nearly every one with a carrying pole and two baskets. It was a most extensive undertaking and much better organized than any similar work that has gone before. There was a serious effort all along the line to get efficiency and prevent any misuse of funds. In this attempt the Hankow Government appears to have been much more successful than others who have been less vigilant. The rate of pay to the workers was higher than in previous years. However, most of this went into pockets that had been empty for months following the floods of 1926.

Near Hankow on the north is a loop dike that has been in need of repairs for several years. It has been patched up almost annually but never in a very conservative way. This job was assigned to the Hupeh Committee of the China International Famine Relief Commission with the writer taking general charge of the work, bringing in Chinese engineers from Tientsin to assist in the supervision. This work was begun in early April and completed two months later before mid-June. The dike was increased to a width of twenty feet and was strengthened in dangerous places by a banquette on the south slope. The stone facing protecting the main dike against wave wash was patched up making it uniform in character. Then the whole dike was crowned for a distance of ten miles to make it drain rapidly in the rainy season so it might serve as a motor road most of the year.

Relations With the Unions

The cost of this work was little over $90,000 of which the Nationalist Government at Hankow contributed half and the Famine Committee the other half, all money being handled by the Accountants of the International Famine Relief Commission while the management of the work was in the hands of the Commission's engineers throughout.

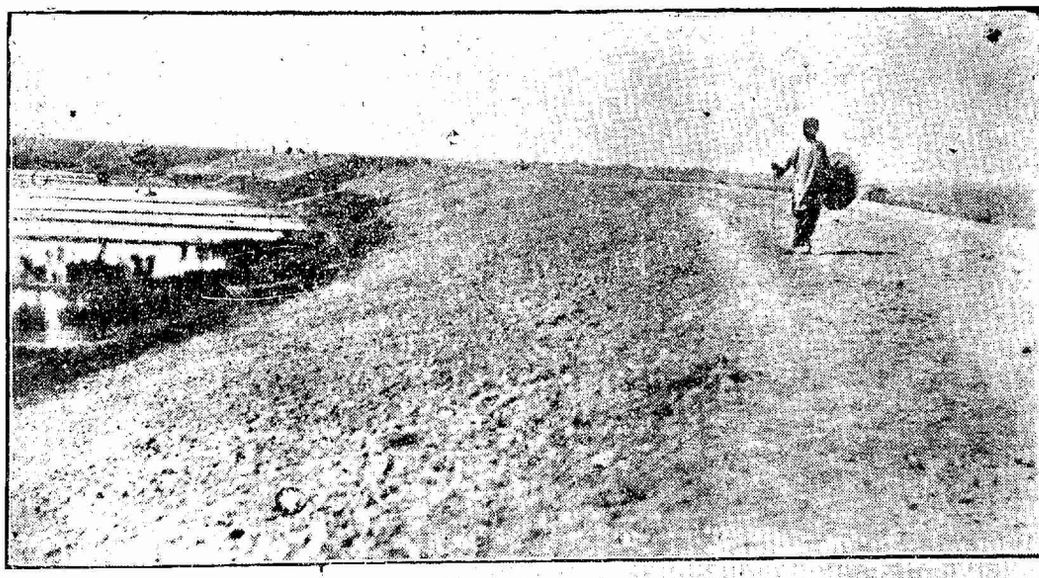
The public may wonder how work of this nature can be expeditiously handled in the midst of a revolution and close to a city where rapid changes are occurring in relation of employer to employed. There were certain difficulties when the Union stepped in to organize the workmen, but these troubles were short lived. A definite agreement was reached with the dike workers' Union through its accredited agent, and the Union's representative was continually held responsible for the behavior of the men he represented. In many ways this plan worked satisfactorily. Things proceeded in a businesslike manner and the work was completed on time. The writer was well pleased with the discipline enforced by the Union among its members through the efforts of its representative, Mr. Chiang.

In looking back over this particular job it may be said we were never held up at any time by crooked officials. The backbone of the fraudulant contractors group was broken. These dishonest conspirators who have annually attempted to hold up the public were this year prevented from delaying the work and did not make their large profits on emergency work done on the eve of floods or during their occurrence. There was never a time after this work was well started that the engineers had reason to get despondent and suspend work as has often occurred in Hupeh in other years.

Altogether it has been an interesting experience to assist in this public service at a time of transition like the present when there is a tendency on the part of many to be unreasonable but where there is also an earnest desire on the part of the officials in power to spend public funds judiciously and at the same time provide liberal insurance against flood for the vast area of splendid farming country when that insurance spells prosperity or poverty for the Hankow district. It can be said without prejudice that this year's crop insurance through dike repairing is far ahead of that of former years in Hupeh.

Shanghai, July 15, 1927.

OBJECTS OF ORIENTAL AND WESTERN FINE ART CURIOS,
Silk goods, Crockeries, etc.
TOYO MURAKAMI
26B, Kiangse Road (corner Ezra Road)



Left.—The Chang Kung Dike near Hankow, nearly completed, the work on this job having proceeded practically without cessation through the worst phases of the revolution.

Below—Armed labor pickets which assisted in the preservation of order during the construction work. The man wearing the white suit was a delegate from the Labor Union and the man with black suit and white shoes on his left was a clerk supplied by the Union.

Below—More than 2,000 men and women laborers on the dike job, completing the 'loop-dike' at Che Wan on the Yangtsze some 200 miles above Hankow.

Bottom, Left—Two American women journalists, Mildred B. Mitchell (left) and Anna Louise Strong, watching the repair work. The laborers are putting the finishing touches on the dike and stamping the earth into place. The leisurely appearing man with white shoes is the Union representative.

Below—This is the way the labor pickets punished one of the laborers who was caught loafing on the job. The dunce-cap has an inscription written on it telling of the man's delinquency.

41-253

China—As A Communist Sees The Situation

BY A. STETZKI, (MOSCOW)

CHIANG KAI-SHEK had the support of the Communist Party and the working classes of China. They have now declared him a traitor to the cause of the revolution and national independence.

Were the Communists wise in supporting Chiang Kai-shek? Are they justified now in declaring him a traitor? Doesn't this seem inconsistent?

No such inconsistency exists. The Communist Party was right in both cases. That accords with the logic of revolution.

China is passing through a mighty revolution, in the midst of a highly complex domestic and international situation. It is characteristic of every revolution that conditions change with unusual suddenness, that relations between classes and parties reverse themselves overnight, that the centre of power both in the revolutionary and in the opposition camp is constantly shifting.

Every revolutionary organization must detect these changes immediately. It must recognize betimes their importance, and adopt its tactics to them.

Chiang Kai-shek is a representative of the Chinese nationalist bourgeoisie, who at one stage of the revolution hesitatingly and reluctantly adopted revolutionary methods and accepted revolutionary aid against foreign imperialism and native militarist feudalism. He stands for the ideals and objects of a large section of the Chinese bourgeoisie. That bourgeoisie, with the exception of a minority closely allied with foreign capitalism, is itself revolutionary. It is intensely hostile not only to foreign imperialism but also to the feudal institutions of its own country and the arbitrary rule of its army leaders. That bourgeoisie has suffered bitterly from imperialist oppression. This was concretely illustrated by the tariff system which the Powers forced upon China. It was a system which enabled foreign manufacturers and merchants to exploit the cheap native labor to the disadvantage of the Chinese nation and Chinese employers. Such abuses as this drove the bourgeoisie to ally itself with the other classes in a national revolutionary movement.

Consistently with this, the bourgeoisie helped to finance a nationalist revolutionary army to fight foreign imperialism and domestic militarism. It conducted the boycott against British goods, and utilized its connections throughout the country to disorganize the districts in the rear of the Northern militarist front. The Kuomintang was just as active behind the lines of its opponents as it was within the territories controlled by its own troops. In these operations the Chinese bourgeoisie was quite ready to accept the assistance of the laboring masses and the peasants. It conceded to the workers and peasants the right to organize, liberty to strike, and freedom of speech. This gave the Communist Party an opportunity to disseminate its doctrines among the working people, and to forge them into a solid organization. The results were speedily apparent. More than one million proletarians were enrolled in trade-unions, and about two million peasants were enlisted in peasant organizations.

This made it possible to broaden the bases of the revolution by making it a matter of vital and intelligent interest to the great masses of the exploited. During the preparatory period while this was going on, the Communist Party, and the working classes in general, loyally supported the purely national revolutionary movement of the bourgeoisie, and made common cause with the latter.

As long as Chiang Kai-shek confined himself to fighting foreign imperialists and the North China feudal military overlords; as long as he pushed northward and extended the territories within which the Communist Party was free to work; as long as he was liberating the most important industrial sections of China from the rule of the militarists, he was working in our own cause. As long as that continued the Communist Party of China was in duty bound to support him.

A new situation has developed, however, since the Chinese bourgeoisie and Chiang Kai-shek have gone over to the reactionaries and have made common cause with the imperialists against the national revolution. That change in the situation demanded a prompt and vigorous change in the tactics of the Communist Party toward the bourgeoisie. This change had long been in preparation.

Both the Third International and the Communist Party of China realized from the first that with the progress of revolution, and the increasing prominence of the working classes and the peasants in it, a time would come when the bourgeoisie would desert the cause and their leaders would go over to the reactionaries. This had not only been predicted and foreseen in a general way, but it had been explicitly stated in a Party resolution. That resolution declared that the desertion of the bourgeoisie to the counter-revolution would mark the most critical point in the nation's present struggle, and would throw the whole responsibility for the continuance of that struggle upon the shoulders of the workers and peasants.

The faster the movement spread among the workers and peasants and the stronger their organizations grew, the more decisively the objects of those organizations clarified themselves as primarily economic. Consequently, the more the workers demanded practical betterments in their conditions, like higher wages, a shorter working day, and enlightened social legislation, and the more the peasants insisted on lower land rents and liberation from oppressive and unjust tenancy conditions, the faster the bourgeoisie swung toward the side of reaction.

During the last four months representatives of the Right Wing of the Kuomintang have repeatedly used repressive measures against the workers' and peasants' organizations. They have disarmed the working people and imprisoned their leaders. As long, however, as the bourgeoisie did not go over openly to the enemy cause, the workers and peasants confined themselves to shaping the revolution as far as possible in their own interest, to disciplining their forces, and to gathering support from every possible direction against the time when they would be called upon to take the lead in the struggle.

Now, frightened by the growth and the present tendencies of the revolutionary movement, the bourgeoisie has at last decided to go over en masse to reaction. Its generals have turned their arms against the workers and peasants of China, have tried to break up their organizations, and have arrested and shot their leaders. The bourgeoisie is now trying, with the help of foreign imperialists, to set up a dictatorship to suppress the national revolution.

This marks a radical change in the situation. It calls for an equally radical change in the tactics of the Communist Party of China toward the bourgeoisie. The Party's primary strategic objective, however, has not changed. It remains what it always has been, to carry through the national revolution to its ultimate end and to convert it into a Socialist revolution. Instead of fighting side by side with the bourgeoisie, however, it must henceforth fight against them. It will continue to carry forward the revolution, nevertheless, in closer alliance than ever with the peasantry, with the petty bourgeoisie of the cities, and with the intellectuals, not only against foreign militarism and the Northern feudal militarists, but also against the native bourgeoisie and the latter's generals.

So we now witness the opening of the class struggle proper. The Party's sudden change in tactics is in perfect accord with the logic of the situation.

Some may ask whether it was wise for the Communist Party to cooperate with the Kuomintang at any time. This is a question of great practical importance, for the tactics of the Party hitherto have been to capture the Kuomintang from within, to convert it into an organization consisting predominantly of workers and peasants, and to expel the Conservatives from its ranks. Was this the right policy?

The fact that Chiang Kai-shek has been forced to set up a counterfeit anti-revolutionary Kuomintang of his own at Nanking, and to create a Nationalist Government of his own as a counterweight to the revolutionary Kuomintang and the revolutionary Nationalist Government at Wuhan, sufficiently proves it was. For it demonstrates that the Conservative Wing no longer controls either the true Kuomintang or the true Nationalist Government. That explains why the bourgeoisie was forced to secede from those organizations. The Communists have accomplished their object. They have succeeded in strengthening the Left Wing of the Kuomintang until it has become the dominant partner in the organization. They won their first victory over Chiang Kai-shek when they transferred the capital of the Nationalist Government from Canton to Hankow. For that general and his supporters opposed placing the centre of government in a great industrial city; they wanted to put it in a smaller provincial town, where it could not be influenced directly by the workers.

A last word as to the future policy of the Communist Party in China toward the Kuomintang. First of all, it will not let the counter-revolutionaries secure control of that body. The Kuomintang has won great authority over the Chinese laboring masses. It would be a great mistake to underestimate its importance or to seek to abolish it. The Communist Party of China will doubtless exert itself to the utmost to mobilize and organize the masses of the people under the banner of the revolutionary Kuomintang. It will endeavor to convert the latter into a proletarian body.

American, British and Russian Cartoons on China

A RUSSIAN THRUST AT ENGLAND

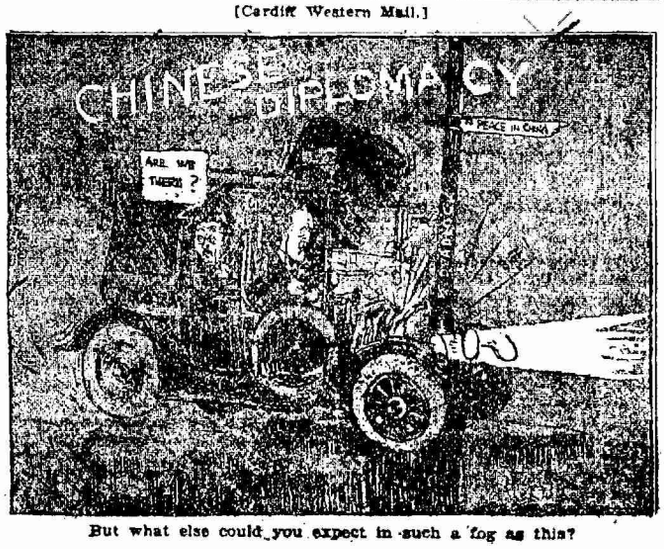
ENGLISH OFFICER (to missionary in China): "Stop preaching to that fellow. We are going to exterminate him."

—*Krokodil* (Moscow).

Encouraging Those International Bad Boys
—From Chicago Tribune, Feb. 25, 1927.

UP AGAINST IT

[Cardiff Western Mail.]



But what else could you expect in such a fog as this?

NOW LOOK AT THE LAUNDRY!

[London Daily Chronicle.]

American-China Boxer Committee Meets in Tientsin

The China Foundation for Promotion of Education and Culture met on July 1 in Tientsin. There are fifteen members of the board of directors of this body, four of whom were unable to attend the session. Those unable to attend were Dr. Alfred Sze, Chinese minister at Washington, P. W. Kuo, former president of South-eastern University of Nanking, Dr. Hwang Yeh-pei educational leader of Shanghai, and W. W. Willoughby, of Johns Hopkins University, Baltimore.

Among those present at the meeting were Dr. Wellington Koo, Dr. W. W. Yen, president of the board, Dr. Chang Po-ling, vice-president, Dr. Paul Monroe, Dr. V. K. Ting, ex-Mayor of Shanghai, Dr. Y. T. Tzur, secretary, C. R. Bennett, of the National City Bank, treasurer, and Fan Yuen-liang, general secretary. The agenda of the conference included a study of all requests for funds and resolutions regarding appropriations, etc.

Eighty-four individuals petitioned the organization this year for money. These came from 34 colleges and universities, 25 middle schools, 2 special institutions, 3 libraries, 1 museum, 13 "societies" and organizations promoting education, and one private source.

The fund is divided into two categories—one of "singel grants," i.e., given but once, amounting to $3,231,231, and the permanent annual grants which come to $1,602,028 annually. The basis for this is the second instalment of the United States Boxer indemnity which in the next twenty years will total $12,160,030. Out of this the Foundation will be able to draw an annual amount of $532,000 after deducting the interest upon all prepaid funds. Dr. Paul Monroe departed for Japan with other members of the board following the meeting.

Boycott Brings Profit to Chinese Mills

BY B. Y. LEE

THE present anti-Japanese boycott movement is gradually spreading over China. It is becoming particularly effective in Shanghai and Canton, and many believe that it may become more serious than any preceding one. Many lines of Japanese trade in China, particularly that of cotton goods, are hard hit already. Among China's imports from Japan, cotton goods are the largest item, most of the grades being of cheaper quality which can be manufactured by the local Chinese mills at a profit under favorable conditions. The products from Japanese owned mills in China are also affected by the boycott, the purpose of the movement being on one hand, to promote nationalism, and on the other, to stimulate domestic mills.

Textiles constitute about 30 per cent, or a little over M$500,000,000 of all imports into China, and Japan takes about two-fifths of the total. According to a Osaka report of two weeks ago 500,000 bales of yarn were held in godowns there which could not be shipped to China on account of the boycott. Hence many textile mills in Osaka may shortly be forced to suspend part of their works. The effect of the boycott on the Japanese owned mills in China may become more serious than on the mills in Osaka according to local belief. At present the Japanese own 45 cotton mills in China and are in control of 40 per cent of the output of yarn and 50 per cent of the output of grey sheeting produced in China's mills. The following are the particulars:

No of mills	45
No of spindles	1,600,000
No of looms	8,400
No of operatives	100,000
Amount of raw cotton consumed annually	2,800,000 piculs
Amount of yarn production anually	220,000 bales
Amount of grey sheeting production annually ..	10,000,000 yards
Amount of total initial capital invested	M$ 1,200,000,000 (estimated)

Japanese Own 32 Mills in Shanghai

The Japanese own 32 mills in Shanghai consisting of 1,000,000 spindles and 5,800 looms. Due to lack of demand for their manufactured yarn, the Japanese mills in Shanghai recently decided to suspend night work on Sundays as the first step, then to suspend night work altogether as the second step; and if the market does not improve they will eventually be forced to suspend the whole operation, which would mean the throwing of from 50,000 to 60,000 operatives out of work.

As the tension of the boycott has increased, the demand for yarn and cloth manufactured either in Japan or in the Japanese mills in China has gradually decreased, so the price of the product has correspondingly dropped in an effort to induce buyers. Manufacturers in Japan may be able to find other outlets for product when the demand is poor in China but Japanese manufacturers in China can hardly export their products elsewhere.

Since the boycott has been in effect for less than a month, the price of local Japanese yarn has dropped from 4 to 10 taels per bale in comparison with that of the Chinese yarn of the same grade. Yarn bearing the "Man and Bell" trade mark of a local Chinese mill has been quoted at the same price as that bearing the "Moonshine" trade mark of a local Japanese mill in ordinary time, but now the latter is being sold at five taels per bale lower than the former.

Exchange Ceases Trading

The Chinese Cotton Goods Exchange has suspended operation temporarily since the boycott, the reason being chiefly due to the question of delivery of the Japanese yarn for monthly settlement. In accordance with the regulations of the exchange the yarn of "Men and Bell" trade mark is taken as the standard and any Japanese made yarn from the local Japanese mills has been accepted, the price of which may be either higher or lower than the standard yarn depending upon the make. In normal times this method has worked satisfactory, but in time of boycott against the Japanese goods it has become a very different problem. The buyers would like to have the Chinese yarn delivered for monthly settlement, while the sellers would like to deliver the Japanese yarn instead as the price of the two extremes varies from 4 to 10 taels per bale. In the spring of 1923 when the boycott against Japanese goods took place the price of yarn quoted in the exchange dropped down 30 taels per bale within three weeks time on account of the heavy Japanese selling.

On June 22 the directors of the exchange decided after the first of July that no Japanese yarn could be accepted for monthly settlement. From June 22 to 25 the price of yarn fluctuated violently, sometimes from 2 to 4 taels per bale difference on each consequent quotation. On June 26 the temporarily suspension of the exchange was decided upon as the difference between price of the Chinese and Japanese yarn was too great. Neither the directors of the exchange nor the brokers are in a position to settle the dispute, so the final decision awaits the decision of the political department of the Nanking government. The total amount of outstanding transaction in yarn is 286,600 bales. Taking five taels per bale as the difference between the Chinese and the Japanese yarns, the buyers and sellers would have realised either a profit or a loss of M$2,000,000. The following constitutes the outstanding amount of yarn contracted in each of the following six months:

June..	33,400 bales
July	51,050
August	36,650
Sept.	57,080
Oct.	49,550
Nov.	31,900
Total	286,600 bales

Exchange Suspension Wise Move

The temporary suspension of the exchange was a wise move on the part of the directors. Had the operation continued the Japanese mill-owners knowing their inferior product could not find an immediate outlet, might have sold a great quantity of yarn, in the exchange, the result of which would have created a dull market thus putting the Chinese mills in a difficult position. On the other hand, the Japanese mills which are under the control of a few trusts would have had a chance to extend long time mortgage upon some Chinese mills or even to buy them at a moderate price during a hard time.

The boycott, though temporary in nature, has given a timely relief to the local Chinese mills. During the past six months, especially since March the yarn market has been unusually bad. The price of the No. 16's yarn reached 120 taels per bale in March, the lowest since 1923, while the price of local cotton has been very high. Nearly every Chinese mill has been losing from five to ten taels per bale on yarn manufactured. On account of the present boycott the price of Chinese yarn has artificially advanced from five to ten taels per bale, which has enabled the operators to make a scanty profit. On the other hand, the Japanese mills, despite their efficiency, are losing from two to five taels per bale on yarn manufactured in terms of raw cotton being purchased at present prices. Fortunately many of them have bought enough supply in the past few months at a cheaper rate to last for sometime thus enabling them to keep on running apparently on a loss basis. The longer the present boycott lasts, the better the financial position of the Chinese mills will be and a brighter prospect for the textile industry in China may be realized.

Shanghai, July 13, 1927.

Extraordinary Attitude of British Shipping Company.

Extract from "North-China Daily Mail" of June 26

An absolute deadlock has been brought about by the Company's action in reducing salaries and attempting to throw overboard the arbitration agreement arrived at by Sir Everard Fraser for the special purpose of avoiding such a rupture as that which is now taking place.

"The salaries of the Office Staffs have not been reduced, though no bonus has been given them for the last two years. The shipping staff receive no bonus. The pay of the Chinese staff has been greatly increased, by as much as 50 per cent. in some cases, since the Shanghai incident of May 30.

"The amount saved by the Company by the 10 per cent. reduction in officers' salaries now being enforced amounts to no more than $7 per day per ship, a sum which can easily be wasted several times over by carelessness on an officer's part. It is incomprehensible that the Company is concerned only to make this cheeseparing economy, and it is believed that the real object is to get rid of the 1916 Agreement."

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TOYO MURAKAMI

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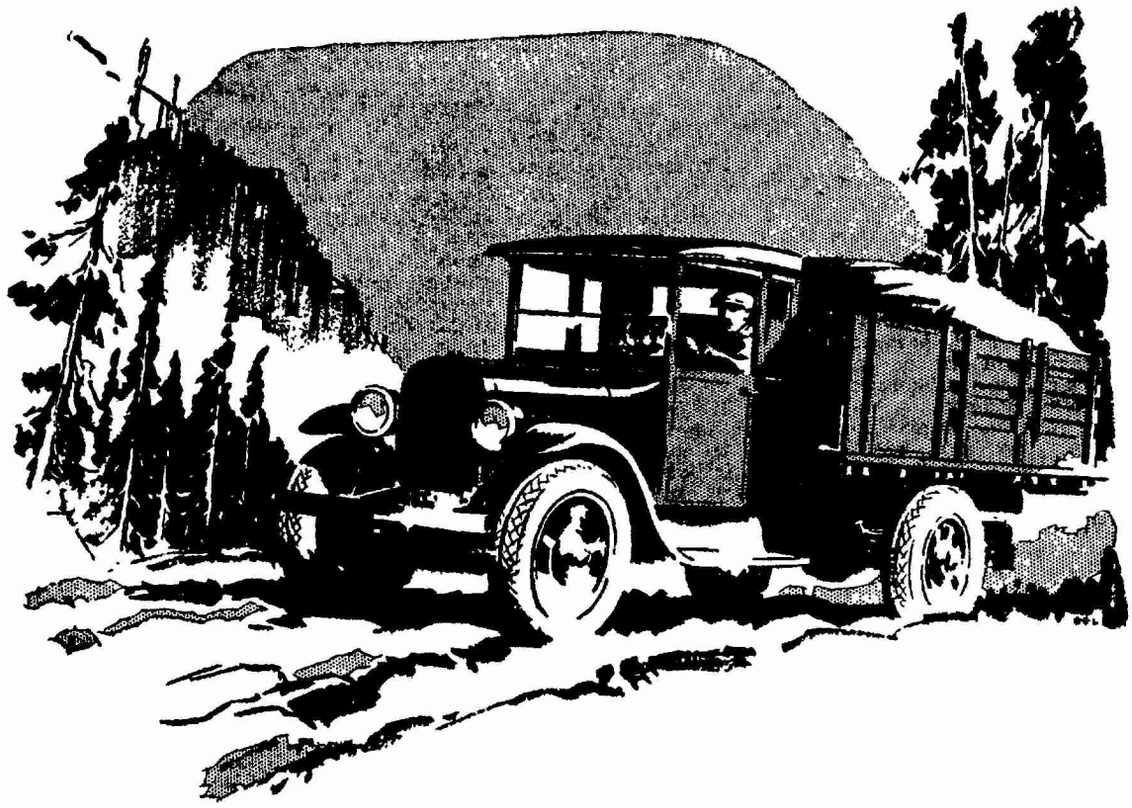
Telephone C. 2319



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41-257

China's Raw Silk and the U. S. Market

BY PAUL K. WHANG

China, a country of silk fame, has for centuries led the world in the production and consumption of silk. The annual production of raw silk has never been known, but that half of it is devoted to home use has been generally accepted. History tells us that in ancient times the fame of China silk lured many foreigners to the Celestial Empire from remote corners of the world in spite of the hazardous voyage. Even today our foreign visitors will not be satisfied to go home without carrying back a piece of China silk.

Up to 1870 China not only took care of her own wants, but also supplied her surplus for the world's need and had things largely her own way. With the introduction of sericulture in Japan and, to a lesser extent, in Italy, coupled with the production of raw silk by means of machinery in these two countries, Chinese producers, who still relied upon the crude method of production since time immemorial, had difficulty of meeting foreign competition.

With the advent of the twentieth century, Japan began to occupy an important position in the world's silk trade. It is surprising as well as striking to note the big stride which Japan has made in her silk industry, rising from an insignificant place to the most important position within a short span of a few decades. Inspired by Japan's notable example, Chinese silk men left no stone unturned to better their products. Thereupon, the factory system was introduced and modern machinery installed. The awakening of our silk men and our belated efforts in the improvement of our production have largely saved us our old prestige.

The American Market

Being a great consumer of raw silk, America, contrary to our expectation, does not produce any silk within her own boundaries, even though the climate and soil are equally adaptable to the cultivation of the silkworm industry. High wages may be one of the causes but regardless of the cause she has to draw her supplies largely from China and Japan. In 1926, America took about 60% of China's raw silk export and 90% of Japan's export. From our rough estimation, Japan ships to America about 310,000 bales while China's contribution is around 71,000 bales annually. It is worthy to note that nearly all Japan's export goes to the American market.

But that China is a natural silk-producing country remains unchallenged. For instance, the provinces of the Yangtsze valley, which embrace an area several times bigger than that of Japan proper, are all fitted to the cultivation of the silkworm industry. Naturally, we can increase our production with ease, only if we can find a market for our silk. On the other hand, America's consumption of raw silk has increased with the years. With the increase in the uses of silk as a substitute for other fabrics, America will consume much more silk in the future than she does now. Who is going to take care of the future need of the American people, when the present Japanese production has already gone to its limit? If it is not China, which country?

American silk-men are not unaware of this situation. On several occasions missions of American silk-men have visited the silk centers of the Orient, with China as their special object of study; and in turn groups of Chinese silk men toured around silk districts of America on their invitation. This exchange of inspection trips has not only promoted a good feeling among the silk-men of both countries but also introduced many changes in the production of China silk.

Owes a Debt to U. S.

To the American silk-men Chinese producers owe a debt, which will never be forgotten. Their unceasing and tedious efforts in helping us to improve the quality of our silk have won admiration and gratitude, not to mention the financial contributions made by several American manufacturers to our sericultural school. In order to keep our customers, we must not turn deaf ears to American criticisms, which invariably falls into two main points: First, the price of our silk is not within the reach of all, and secondly, no direct trade between American consumers and Chinese producers is possible. The following is a general discussion of these two points.

Among the American manufacturers, there prevails a general belief that China silk is inferior in quality to that of Japan. Once I visited a silk mill in New Jersey, and was supprised at finding that no China silk had been used in that mill for the last fifteen years. Upon inquiry, the superintendent informed me that they stopped using China silk about fifteen years ago, but abandoned it after finding its quality not satisfactory. I got similar answers from the superintendents of other mills. Without reserve, I admit that our silk produced fifteen years ago had many defects, but many improvements have been made since then; and today our silk of the best chop, as recognized by silk authorities, is good in every respect.

Chief Objection to China Silk

The chief excuse for not using China silk, perhaps, is this—the price of China silk is usually higher than that of Japan, say, fifty cents (gold) per pound higher in New York market. There might be some truth in the remark once made by an American manufacturer to the writer that if China silk could be sold as cheap as that of Japan, America's consumption of China silk will be several times larger. As a matter of fact, Chinese silk-men are not altogether ignorant of this criticism, but owing to the high cost of production, they are in an unfavorable position to meet the American demand.

To the poor quality of cocoons we must attribute one cause of the high cost of production of our raw silk. With the gradual deterioration of the quality of the cocoons, the cost of production has been increasing. In recent years, such agencies as the International Committee for the Improvement of Sericulture, Experimental Stations, Sericultural schools and what not, have assiduously worked on that problem. Though progress is slow, the future outlook is bright.

Aside from the cost of cocoons, the operating expense is the other big item in the cost of production. Chinese filatures, as a rule, have been built after the Italian model: The buildings have been built of brick, and the basins of brass. For that reason the capital investment of Chinese filatures has been much bigger in comparing with that of Japanese filatures, which have been generally built of wood. Therefore the interest and rent have been higher here. Further, the filatures, as a whole, are not under the best management, and an inefficient management involves great waste. In a word, the poor quality of cocoons and high operating expenses all tend to enhance the cost of production.

Poor Marketing Methods

To be sure, even with products of good quality and sold at a cheap price, we can hardly secure a sale, if we have not an adequate method of marketing. Up to the present day, the silk trade between China and America has been carried on by the foreign exporters who act as agents of American customers. The service rendered by these people is far from being satisfactory, and has always been the cause of complaints among Chinese producers. As a matter of fact; in case we want to sell our products to our foreign customers, it is up to us to carry on the trade ourselves, and it will not be safe to leave it to the hands of a third party.

In the old days when China was the only silk-producing country, our foreign customers naturally came to us for our products. But those days are gone, and China is no longer the only country interested in the production of silk. If we do not extend our market, our competitors will. The reason that Japan has exported nearly 90% of its total exportation of America will be amply shown by just taking a walk along 4th Avenue of New York city. Along this well-known street, more than twenty Japanese firms are selling their raw silk; while China has not even one.

Nay, our silk-men have not even a single representative in that great silk market, who can inform American buyers the market news. They have remained in ignorance of the "goings-ons" in America, and what news they do get is second-hand and obsolete, largely emanated from the local foreign exporters' offices. Undoubtedly, the news from that source often minimizes or exaggerate the exact situation, and, by so doing, they can "squeeze" the Chinese silk men with ease.

In the past, some far-sighted silk men, having realized the importance of carrying on a direct trade between China and America, went over to America to establish an office at New York City to represent one or two filatures. But owing to the limited financial resources and the high running expenses, failure was inevitable. A proposition has been made as to the possible organization of a Sino-American firm whose capital would be subscribed by Chinese and American silk men. Such an organization would certainly do much good in bringing them in to a closer and more direct contact. Unfortunately, the proposition, though approved by the silk-men of both countries, has never been carried out.

In conclusion, our silk-men should not stick to their old methods of production and marketing their products, as their conservatism and indifference too the new change have caused great loss to the silk trade. Production is not the only problem they have now on hand, to which they have in the past attached a great importance. It is high time for them to study the problem of marketing. To retain the American market and enlarge it, they must improve the quality of their products, reduce the cost of production, and last but not least must market their own products.

Soochow, July 14, 1927

Why Department Store Prices are Lower!

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41-259

"Has The United States A Chinese Policy?"

BY STANLEY K. HORNBECK*

in Foreign Affairs, N. Y.

FROM the Nationalist Headquarters at Hankow there comes a "Manifesto to the American People" in which it is declared that, "The Chinese people believe the American people are not aware of the crimes their government is committing" in pursuit of a "catastrophic change in America's policy toward China."

Misinformation, misrepresentation, ignorance, credulity, emotionalism and impatience render the Chinese masses easy victims of the agitator and American classes enthusiastic creditors of much that is incredible. In soil fertilized by one or more of these ingredients grew the Boxer Uprising. In such soil have been cultivated the anti-foreign manifestations of the Chinese nationalist movement. In such soil there flourishes in the United States a luxuriant crop of erroneous impressions with regard to conditions in China and with regard to what the United States, its government and its citizens are doing in China.

Impressions, opinions, assertions. There are in regard to the situation in China, and in regard to the problem which that situation presents, certain indisputable ***facts***. Chinese leaders, groups and factions are at war with one another. Some of them are actively hostile to the foreign Powers, foreign nationals and foreign influences. Political authority has broken down. Chinese soldiers and Chinese civilians have driven and are driving foreigners from their homes and their places of business. Articulate political China has declared and is demanding that the "unequal" treaties be done away with and that the privileges enjoyed by the foreign Powers and foreign nationals in China be terminated.

For months there have been demands that the American Government "do something" in regard to China. From China, in so far as it is articulate, and from many quarters in the United States have come suggestions, advice and demands with regard to the negotiation of a new treaty. After the adjournment (July 23, 1926) of the Special Conference on the Chinese Customs Tariff (Peking), the demand began to be voiced that the American Government "negotiate with China" at once and independently of the other Powers. In January, 1927, Secretary of State Kellogg made public a statement affirming the willingness of the American Government to go on with the negotiations begun at Peking or to enter upon new negotiations with representatives of China at the earliest possible moment. A flood of suggestions and demands has ensued. From some quarters it has been urged that the Department of States propose formally to the Chinese Minister in Washington that Delegations be forthwith appointed; from some, that the American Government appoint its delegates without waiting for the Chinese; and from some, that it "confirm its readiness to negotiate" by "naming a delegation satisfactory to the Chinese." A prominent Chinese spokesman has urged that "the Powers themselves should declare in irrevocable terms and unconditionally the terminating of all unequal treaties."

Facts To Be Borne in Mind

In studying the treaty provisions and the whole system which has arisen under the treaties in regulation of the contact between the Chinese and foreigners, two facts should be kept ever in mind. First, this system has developed not without cause and reason. Second, whatever its faults, it exists; it rests upon law and contract; it has been the legal basis upon which many foreigners and more Chinese have ordered their lives, made their investments, created and carried on their business, during several generations; and it cannot be abolished suddenly without working injustice and great hardship to a considerable number of honest, law-abiding, hard-working and progressive persons, both foreigners and Chinese, more of the latter than of the former.

It was urged until a few weeks ago by some Chinese and some Americans that the Government stake everything on the prospects of *one* Chinese faction; and advocates of this course declared that if the United States did not do this, the Chinese people would "lose faith in America," would regard America as an imperialistic power, would consider her an enemy and would treat her as such. It has since been suggested that the American Government send a Commission to China to investigate, authorized perhaps to negotiate. It has been suggested recently that the American Government should negotiate with both "governments" or with each and all of the various contending and competing authorities in China.

Always the demand that the American Government "do something;" frequently the demand that it "take the lead" in China; in many forms, a demand for action, immediate action and positive action.

Then came action. There was a change in the situation in China. Attacks on foreigners began. Missionaries were driven from their posts; the British Concession at Hankow was overrun by a mob; it was announced that Chinese armed forces intended to take the International Settlement at Shanghai. Action. The British Government sent armed forces to China; the American Government and other governments sent armed forces. Then came the affirmation, with grave concern on the part of those who advanced it, that there had been a deplorable "change" in the policy of the United States toward China. Next came dispatches to the effect that the other Powers were swinging toward the policy of the American Government—much to the gratification of Washington.

All within a few weeks—assertions that the United States has not a Chinese policy, assertions that it has, demands that it do something, complaints when it does something, complaints because it does not do more, demands that its policy be changed, the affirmation that it has been changed, assurance that it has not been changed, and expressions of gratification that the other Powers are inclining toward the American policy.

To the question asked a few days ago by one of the keenest men in Washington—"Has the American Government, really, a Chinese policy" the reply was and is: "Yes, it ***has***—a policy so obvious, so simple and so straight-in-line with American traditions and opinions that many people fail to see it because they are looking for something ***different***."

Principles of American Policy

The American Government has a Chinese policy, based on well-established principles. The Chinese policy of the United States has been and is, fortunately, a consistent policy. To anyone who will take the trouble to look into the history of American activities in the Far East during a century and a half of contact between the United States and China and then read the published statements of the President and the Secretary of State during the past two years and then examine the record of the past five years, this will appear a truism.

Probably the most common error made by those who study foreign policy is that of failing to distinguish between ***policy*** and ***plan of action***, then between ***plan of action*** and ***detail of action***, and finally between action which is ***negative***—but nevertheless deliberate and consciously determined—and action which is ***positive*** and expressed in movement.

In the field of foreign relations, every Government has a twofold duty: first to safeguard the lives and interests of its own citizens; second, to respect the rights and susceptibilities of the people of other countries. In relations between the United States and China, successive American Administrations have established in reference to this twofold duty a record of performance with which neither the American nor the Chinese public, as they look back over it, find much fault. And the present Administration is not ignorant of or indifferent to that record.

American Far Eastern policy has been shaped by the belief of the American people that free states should remain free—in the Orient as elsewhere—and should be encouraged to develop peacefully along their own lines without political interference. In this respect the Far Eastern policy of the United States has sprung from the same root in American thought from which sprang the Monroe Doctrine in relation to the Western Hemisphere. In relation to China, as earlier in relation to Japan, the American people and the American Government have looked with disapproval upon tendencies toward imperialistic adventure or partition or absorption by foreign states. This attitude and policy have run a clear course.

American interest in China has been chiefly commercial and cultural. To China from America there went first merchants; second, missionaries; third, diplomats. No American soldiers went to China until 1900.

In the early days of the Canton trade, before the first treaties, "In every issue between the foreigner and the Chinese, the important question was whether the Americans would find it most to their profit to stand with the English or with the Chinese." This continued after the signing of the treaties. "Sometimes the Americans stood with the British for concerted action, but when the concerted action proposed by the British would have a tendency to weaken the Chinese merchants, or when the British adopted policies directly inimical to the American trade the Americans were disposed to support the Chinese.

*Dr. Hornbeck, the writer of this article, was an adviser to the American Delegation to the Tariff Conference and Commission on Extraterritoriality in Peking last year and has been a student of Far Eastern Affairs for many years. He is now a member of the faculty of Harvard University.

When diplomatic relations began, the principal positive objective of American policy in China was—as it had been and has been elsewhere—to ensure for Americans equality of opportunity. In the treaty which Caleb Cushing concluded, equality of treatment was promised by China to the United States.

The "second plank in the platform of American policy" toward China was laid down in the period of the Taiping Rebellion. Humphrey Marshall, American Commissioner, took the position (1853) "... that the highest interests of the United States are involved in sustaining China—maintaining order here (at Shanghai).... rather than to see China become the theatre of widespread anarchy and ultimately the prey of European ambition;" and, later, "it is my purpose to perform, punctiliously, every obligation assumed by the United States under the treaty, and to refrain from embarrassing the public administration of Chinese affairs by throwing unnecessary obstacles in the way." The American Government became of the same mind: its policy became that of respecting China's sovereignty and helping the Chinese authorities to maintain the political and administrative integrity of the Empire.

Shortly thereafter, though Americans *in China*, including officials, merchants and *some* missionaries urged that the United States cooperate with European Governments in the use of force, the American Government resolutely refused to be drawn into the armed conflict.

Fifteen years later, in the only treaty which Anson Burlingame succeeded in concluding, it was reiterated that the sovereign rights of China must be respected and the principle of equal opportunity for all nations to compete "in trade or navigation within the Chinese dominions" be respected – in accordance with, but not beyond, "the treaty stipulations of the parties."

It remained for John Hay to formulate in 1899 the doctrine that, in reference to their "spheres of interest" in China, the Powers should follow, with regard to each other and to the world, the principle of equality of opportunity; and to suggest in 1900 that the Powers pledge themselves to respect China's territorial and administrative entity. The Hay Notes committed the United States, and those of the other Powers whose replies were favorable, to the principle of ***cooperation in a course of self-denial and restraint.*** The principle of cooperation was followed by most of the Powers in 1900; and during the negotiations of 1900—1901, in the post-Boxer settlement, the American Government did everything possible to make effective the feature of restraint.

Increase in Tariff Rates

In 1902 and 1903 the British, the American and the Japanese Governments assented by treaty to an increase in China's tariff rates simultaneously with the abolition by China of *likin* duties, and agreed to relinquish extraterritorial rights when satisfied that the state of Chinese laws and arrangements for their administration and other considerations should warrant.

In 1915 the Wilson Administration served notice that it would recognize no agreement which China might be forced to make which would impair "... the political or territorial integrity of the Republic of China, or the international policy relative to China commonly known as the open door policy." In 1918 President Wilson approved of American participation in the new Consortium in the belief that only by participation could the American Government exercise a restraining influence which would be in the long run to China's advantage. At the Paris Conference, President Wilson labored hard over China's case. He failed to break the arrangement which had been concluded two years earlier among four other Powers. But the American Senate and the American people stood with China, the principle involved being that of preserving China's independence and territorial integrity, until, at Washington, agreements were arrived at between Japan and China whereby the "lost rights" in Shantung were restored to China.

At the Washington Conference, with the American Government playing the leading part, the principal Powers concerned (including China) committed themselves to a common understanding with regard to equality of opportunity in China, respect for China's sovereignty, and non-interference in China's domestic affairs,—and in these agreements the underlying principle was that there should be ***cooperation*** in a course of forbearance, selfdenial and restraint.

Three years went by before the last of the Powers signatory to the Washington treaties deposited its ratification of the Treaty concerning the Chinese Customs Tariff and enabled the Chinese Government to ask for the assembling of that Conference. On September 4, 1925, the Powers sent Identic Notes to the Chinese Government. In its participation in this Note, the American Government said: "... The United States is now prepared to consider the Chinese Government's proposal for the modification of the existing treaties."

Two days earlier (September 2, 1925) Secretary Kellogg had stated in a speech at Detroit the principles of the Chinese policy of the American Government, as follows: "In brief,

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that policy may be said to be to respect the sovereignty and territorial integrity of China, to encourage the development of an effective stable government, to maintain the Open Door or equal opportunity for the trade of nationals of all countries, to carry out scrupulously the obligations and promises made to China at the Washington Conference, and to require China to perform the obligations of a sovereign state in the protection of foreign citizens and their property."

The American Government forthwith sent its Delegation to the Tariff Conference at Peking prepared to go to the limit to which other Powers might be moved to go toward creating in and for China an improved fiscal situation, and at the Conference the American Delegation did its utmost to carry out the spirit of its very liberal instructions and persisted in the hope that an agreement would be reached until, in July 1926, the Nationalists Government (then at Canton) served notice that it would recognize no engagement which might be entered into by the Peking Government.

The Commission on Extraterritoriality pursued for nine months its investigations of the laws and administration of justice in China. The American member of the Commission took a leading part, as Chairman, in drawing up suggestions and recommendations as to steps which should be taken both by China and by the Powers toward producing conditions which would warrant the Powers in giving up their rights in this connection. In their Report, the Commissioners expressed unanimously the opinion that there should be a period of transition, by agreement and program, rather than abrupt destruction of such legal structure and arrangements as exists in China before another system has been made ready to take its place.

In a statement on January 27,1927, Secretary Kellogg said with regard to the Chinese tariff and extraterritoriality: "The United States is . . . prepared to enter into negotiations with any government of China or delegations which can represent or speak for China . . . for . . . entirely releasing tariff control and restoring complete tariff autonomy to China. . . . The United States is prepared to put into force the recommendations of the Extraterritoriality Commission which can be put into force without a treaty at once and to negotiate the release of extraterritorial rights as soon as China is prepared to provide protection by law and through her courts to American citizens, their rights and property . . . The Government of the United States . . . is ready . . . to continue the negotiations on the entire subject of the tariff and extraterritoriality or to take up negotiations on behalf of the United States alone." But, "Existing treaties which were ratified by the Senate of the United States cannot be abrogated by the President but must be superseded by new treaties negotiated with somebody representing China and subsequently ratified by the Senate of the United States."

(To be concluded next week)

What Is A Shanghai Tael?

BY E. KANN.

UNTIL 1856 the trade of Shanghai was financed by means of the Carolus dollar. Due to the discontinuance of minting Spanish dollars during the first quarter of the nineteenth century, this currency became scarcer and scarcer until, in 1853, it stood at a premium at Shanghai of over 80%. This anomalous situation gradually became untenable, notwithstanding the partial decline of the premium over the intrinsic value of the coin.

When, in the autumn of 1856, the Shanghai banks and firms, had consented to change the book-currency from Carolus dollars to Shanghai taels, the former stood at a market premium which made it equal in value to the Shanghai tael. It was, therefore, simply a matter of substituting the name of one currency for another, without changing the figures.

Born under such happy auspices the Shanghai currency tael, created by circumstances without official assistance, now looks back upon a career of over 70 years. Our venerable septuagenarian has hitherto enjoyed the unbounded confidence of the world, a rare distinction which it has implicitly deserved.

The unrest which, during the past 15 years, has permeated the entire globe, was responsible for the uprooting of doctrines and firmly laid foundations. Gold turned into paper, the battered remnants of which were carried away by the tempest into nothingness. But the medieval sycee tael has so far withstood the onslaughts of nature and mankind.

Everything on earth is perishable. The bodily clu...sinefs of the sycee tael forms an obstacle to its successful future career in a world, the foundations of which are resting on pillars of the most modern construction. The usefulness of the Shanghai tael as a medium of circulation is problematical. It has to go, and it undoubtedly will go. But it is desirable that the replacement of the sycee tael should be accomplished without dislocation of conditions relating to trade in China.

Economic conditions in this country are undergoing rapid changes, and the time has come when it might become imperative to have a plausible and satisfactory definition as to what a Shanghai currency tael really is. In referring to the findings supplied by authorities on Eastern finance one is confronted with a mass of contradictory evidence which, under the circumstances, cannot be accepted as final.

The entire commercial and financial community of our port is deeply concerned with the existence of the good old sycee tael. Hitherto a Shanghai tael was "a Shanghai tael, and no questions asked". Times and circumstances are changing rapidly. What has been the Shanghai tael of yesterday might be something else to-morrow,—an object of undefinable value and the cause of complicated litigation.

All wholesale trade in Shanghai is based on the tael. Almost all insurance is effected in this currency and practically all mortgages are contracted in Shanghai taels. Sales and purchases of foreign exchange, often for delivery far forward, are to be accounted for in taels. What of it when, for instance, a mortgage falls due three years hence, at a time when the good old sycee tael might have ceased to exist,—except in name?

It is beyond doubt that at the present moment the necessity has presented itself to create a definition as to what a Shanghai tael really is. This is left to responsible bodies connected with either the finances or the trade of this country. The purpose of this essay is merely to start the wheel going and to invite intelligent comment and criticism to my attempt at a final definition as to what a Shanghai tael really is. It might become a pressing necessity to insert into existing or future contracts a clause ".....payable in Shanghai sycee taels, which is understood to mean.....".

In attempting a definition regarding the Shanghai sycee currency tael, we have to examine the following three points:

1) *The theoretical aspect.*

If the Shanghai currency tael was a coin it would (like the Indian Rupee, or the English Pound) be 0,916666, i. e. 11/12th, fine. Its weight is 1 Chauping ounce, which means 565.65 grains troy, or 36.64 grammes.

Therefore, the Shanghai sycee tael is represented by a lump of pure silver (1000 fine) weighing *518.512 grains*, or *33.599 grammes*.

(In parenthesis it might be mentioned that, by virtue of the old Shanghai convention, 980 Chauping ounces on the scale are taken in payment of 1000 Shanghai currency taels.

916.666 ÷ 980 = 0.935374.

The figure of Three Points in Definition of 0.935 is accepted as the conventional fineness for Shanghai sycee.

Furthermore, Shanghai sycee is often 0.983, sometimes 0.985. etc. fine. But this is immaterial for every degree of fineness above the conventional standard of 0.935 is marked in ink on every shoe in the shape of premium.

2) *By the actual conversion into sycee taels of imported bar silver.*

Almost all sycee taels have their origin in bar silver imported from abroad. The following is the

Formula:

? grains silver	=	1 Shanghai curreney tael
110.90 Sh'ai taels	=	100 Canton taels weight
1 Canton tael	=	579.84 grains.
X	=	522.849 grains.

Here we find a result which is larger by 4,337 per mille than the theoretical parity. How is this deviation to be accounted for? The answer will be found in the following factors:

a) The figure of 110.90, though the official price is by no means a constant, as frequently considerably higher prices are paid by the smelting shops, often 111.20; in which event the result will be correspondingly smaller.

b) The real test is brought about, as soon as the sycee taels are shipped abroad, in order to be re-converted there into bar silver. Then it will be seen that the net result will show an outturn of about 4 per mille less than is indicated by the formula; this difference comes under the title of tolerance. Shipments of Shanghai sycee to London have clearly proved what is asserted here. In my book "The Currencies of China"

(2nd edition, page 98) it has been shown beyond dispute that the fineness of Shanghai sycee exported abroad is 0.935, so that my assertion under 1) is fully borne out by facts.

3) By comparing the fine content of the Yuan Shih Kai Dollar with the Shanghai sycee tael.

This can be done by applying the following Formula.

? Shanghai taels	=	100 Yuan Shih Kai dollars
1 Dollar	=	416 grains troy, 0.890 fine
480 grains troy	=	1 ounce troy.
100 ounces (0.998 fine)	=	91.804 Sh'ai taels.
X	=	70.811 Shanghai taels (without charges).

The pure silver contained in the Yuan Shih Kai dollar weighs 370.24 grains troy (or 23.9867 grammes.)

370.24 ÷ 70.811 = 522.85 grains.

We obtain here exactly the same result as under 2) and one is justified in putting forth the same arguments as shown there. In the event of the Yuan Shih Kai dollar being melted and re-converted into bar silver, it would be seen that the remedium will easily be accounting for the apparent difference in weight.

To summarise, I can only repeat that the standard figure to be applied to the definition of 1 Shanghai tael is 518. 512 grains of silver, 1000 fine.

It would be misleading to attempt an estimate on the basis of a comparison between the Haikwan and the Shanghai tael, the relation between both being fixed at 111,40. The Haikwan tael is a fictitious book-currency, the composition of which has been arbitrarily decreed and contains, inter alia provision for smelting fees, although it is merely an abstract notion.

In view of the real importance of the subject I shall be glad to obtain the views of competent persons on the correctness or otherwise of my statements.

Shanghai, July 20, 1927.

Madame Borodin Released and Chinese Judge Fired

Mrs. Michael Borodin, wife of the adviser to the Wu-Han Government, and the three diplomatic couriers who were seized with her on the Soviet steamer Pamiat Lenina several months ago at Pukow, have been released by Judge Ho Chun of the Peking High Court, the prisoners leaving the jail on July 12. The release of Mrs. Borodin which constitutes a legal victory for Dr. C. J. Fox, American attorney at Tientsin, constitutes the culmination of an incident which has attracted international attention. Mrs. Borodin who had been in Shanghai on a shopping expedition was returning to Hankow on the Soviet steamer in company with three couriers from the Soviet Consulate-General at Shanghai. When the steamer reached Pukow, which at that time was controlled by Gen. Chang Chung-chang, Fengtien tupan of Shantung province. some of Chang's soldiers boarded the boat and seized Mrs. Borodin and the three Russian couriers. They were at first taken to Tsinanfu, the headquarters of Gen. Chang and then later on were transferred to the military prison at Peking.

Marshal Chang Tso-ling at first planned to execute Mrs. Borodin without trial on the grounds of communism, but was dissuaded from this arbitrary action by United States Senator Bingham who happened to be in Peking at the time. An account of this incident appeared in the issue of *The Review* for July 16.

The release of Mrs. Borodin and the couriers raised such a storm in military circles in Peking that Marshal Chang Tso-ring forced Judge Ho Chun to flee from Peking for his life and also forced the resignation of other members of the Peking Supreme Court. In addition to this Marshal Chang attempted to again invade the Legation quarter in Peking in order to re-arrest Mrs. Borodin, but this time the Legation authorities refused permission.

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41-263

Harbin Chinese Sue National City Bank for Mex. $565,182.74

The Harbin Electric Joint Stock Company, Ltd., a Chinese concern has entered suit in the U. S. Court for China against the National City Bank of New York for the sum of Mex. $565,182.74, the claim growing out of complications involved in the attempt of an American concern, the Beckman and Linden Engineering Corporation, to construct a street-car service in Harbin. The complaint alleges that the plaintiff is a duly organized Chinese company, otherwise known as the Harbin Tramway Company or the 'Harbin Tramway Concessionaires' and has on deposit in the National City Bank, previously known as the International Banking Corporation, sums amounting to $565,182.74 together with interest from June 25, 1927.

According to the complaint the money and interest is the property of the Chinese company and that Beckman and Linden Engineering Company have no interest in, or right to the money. The Beckman and Linden company is a San Francisco concern which entered into negotiations with the Harbin Electric Joint Stock Company in the summer of 1921 for the construction of an electric street-railway in Harbin. A definite agreement was entered into on Jan, 22, 1923 and money was deposited in the then International Banking Corporation to this effect, the total amount to be expended being Mex. $6,000,000.

It seems that considerable trouble developed between the parties following the signing of the contract, the Chinese alleging that the American concern had breached the contract by failing to put up a proper bond of $500,000 (gold). Finally in July, 1924 the negotiations came to an end, the railway in the meantime being held in abeyance. Later on a contract was entered into with a German company and the railway is now being constructed.

The attorneys for the Harbin company are Sidney A. Moss, attorney of Shanghai and Boris S. Gurevich, a Russian lawyer of Harbin.

The National City Bank of New York comes into the picture through the deposit of two sums of money, Mex. $225,741.52 and Mex. $239,441.22, resulting from the sale of stock, the first deposit being made by the Harbin Electric Company, represented by Sui Pan Dze and the Beckman and Linden Company, represented by E. W. Beardsley, and the second sum being deposited by the Harbin Electric Company subject to withdrawal upon checks signed by the plaintiff and approved by E. W. Beardsley of the San Francisco engineering company.

Congregational Churches Favor Non-Intervention

The following resolution pertaining to policy toward China was adopted at the recent conference in Omaha, Nebraska, of the National Council of Congregational Churches of the United States:

Whereas—the present situation in China seems to us to be of great importance for the future of Christianity, and

Whereas—our chief concern is not for the future of missions as such but for the welfare of the Christian Churches of China, and

Whereas—our relation to the Chinese people is one of longstanding good-will which we both as American citizens and as members of the Christian fellowship wish to be continued and strengthened, therefore be it

Resolved—that the National Council of Congregational Churches reaffirm its confidence in the traditional American policy in China, to-wit: independent action, non-intervention, and constructive friendliness; and that we hereby express our strong approval of the patience and sympathy shown in the private as well as the official attitude of the President and the Department of State; and be it further

Resolved—that we commend to the further study of the American Board and its Prudential Committee the whole problem of indemnities in connection with the missionary program, looking to the formulation of a policy which shall be in full agreement with the principles which we profess and which shall furthermore be a clear evidence to Chinese as well as American Christians of our ideals for international adjustments in the Spirit of Christ; and be it further

Resolved—that we publicly and definitely affirm our unalterable opposition to military intervention in China and to the use of force in promoting business or protecting missionary work, and at the same time reaffirm our faith in conference and arbitration as a method of settling all international questions, our belief in the inherent right of China's patriotic citizens to determine for themselves the future of their country, and our strong desire that America should immediately take the initiative in moving toward new treaties by inviting China to appoint delegates to enter upon negotiations with American delegates appointed for this purpose, and finally, be it

Resolved—that a copy of these resolutions be transmitted by our General Secretary to the President of the United States the State Department at Washington, the China National Christian Council, and the Officials of the Congregational Churches in China.

Nationalists Warn Against Disturbances

The Nationalist government in an announcement in the leading Chinese newspapers in Shanghai July 19 warned against any anti-foreign movement, stating that should there be a general strike it would be a heaven-sent opportunity to communist agitators. In the meantime it is generally understood that the Shanghai Municipal Council intends to collect the taxes as voted at the last Ratepayers meeting, using whatever means of persuasion or coercion that it has at its disposal.

The Shanghai Municipal Council has served notice on Chinese hotels and restaurants that their licenses will be taken from them unless license fees are paid within twenty-four hours. Shops and banks that do not pay their taxes have been informed that watchmen and police stationed outside their premises will not be allowed to carry revolvers.

Shanghai Experiences Intense Heat

Although during the latter part of last Summer, Shanghai experienced a short season of intense heat, it is seldom that such high temperatures have been maintained in this vicinity for so long a period as has been the case in Shanghai during the past week or two. From July 8 to 19, the minimum temperature never went below 76 degrees F., It is the high minimum temperature that is so debilitating, as the population cannot get proper rest at night. The lowest maximum temperature during this period was 91 degrees and the highest 95.4, the latter not excessive in itself, but, as said previously, the average temperature, both maximum and minimum, has been exceptionally high.

Bishop Charles H. Brent Sees Hope in Chinese Revolt

(New York Herald Tribune)

"The revolt in China is one of the happiest things that could have occurred for the Church," said the Right Rev. Charles Henry Brent, Bishop of Western New York, in an interview before he sailed last week for Lausanne, Switzerland, where the continuation committee, of which he is chairman, will convene a World Conference on Faith and Order lasting from August 3 to 21.

"The whole complexion of the worldwide movement for Church unity has been changed by the recent developments in Asia. We are living in a totally different world since the world conference was first conceived, in 1910. All conceptions of ecclesiastical government, which have been jealously guarded by Western Christians for centuries, must face scrutiny and doubt in the coming deliberations as to the future unity of the Church of God.

Question of Authority Puzzles

"The question of authority and organization in the new unity is not the least of the differences which now confront a divided Christendom. It represents a conviction which runs deep in denominational hearts, and ecclesiastical policy will probably present the biggest problem with which the scattered forces of the Church will have to grapple.

"China, as the spokesman of the new Asia, has demonstrated that any plans for the future universal Church must take the Far East into account. All the various systems of government in the Church to-day are Western in conception. The same types of mind which have worked out our political systems have worked out the ecclesiastical. Fascism, the political phenomenon of the age, has its counterpart in the autocracy of one of our great Western communions. Democratic individualism finds its counterpart in the Reformation reaction against ecclesiastical autocracy in many of our great Protestant bodies which enjoy local church autonomy. Constitutional monarchy, a compromise between the two, is the form of another great world-wide communion.

East to Make Contribution

"Are we to assume that any one of these Western types of government will be acceptable to the hundreds of millions of potential Christians in the nascent churches of the East? Or will China, Japan and India have something to contribute?

"For seventeen years representatives of many different communions have been conferring in all parts of the world on such themes as the ministry of the reunited Church and the means of obtaining its universal recognition, the faith of the reunited Church and the form of its expression and the Sacraments and the manner of their administration. These three themes all bear directly on the question of the nature of the Church, whether its authority is divine or human, and, therefore, on the type of government it will have in the future. We Christians of the West have been thinking in terms of but half of Christianity, and that half Occidental not Oriental. And Christ was an Oriental.

"He must be interpreted by His own group. Meanwhile the flame of revolt is sweeping over the whole Orient with a slowly awakening Chinese giant in the van, challenging every established institution, whether religious, social or political. Therefore, with the revolt of Asia against Western civilization, including 'Western Christianity," a fact, and with national Christian churches already born in China and Japan awaiting conception in India the world conference of this summer in its vision of a recovered universal unity in Jesus Christ dare not fail to take into account this upheaval affecting half the world, and especially must consider the religious genius of more than a billion human souls in Asia.

Material Things Injected

"Politics, economics, culture and social conditions are bound up with religion. This is being demonstrated in the reaction of the Oriental against Christianity to-day. Christianity has been identified by the Eastern with Western civilization. And Christianity is feeling the impact, along with other Western institutions. 'By their fruits ye shall know them.' And what fruits they have been the modern inhuman factory system, the exploitation of the weaker for the increase of creature comforts for the stronger and a superiority complex in regard to the white man's culture and social pre-eminence.

"We Westerners were perhaps making progress in trying to convince the Orient that our civilization was the last word and that it would benefit them—until the disillusionment that came to the expectant East at the close of the World War. Millions in India, millions in China, aghast at the spectacle of four years of slaughter between the great nations of the West under the very eyes of Pope and patriarchs and moderators and congregational assemblies, yet waited wistfully for a new day that was promised by Western statesmen in the peace of Versailles. And the new day has not come and the Orient is questioning the West's leadership. Is this your Christianity? Is this the culture you would impose on us in the place of the waning culture which was once ours?

John K. Davis Appointed First Secretary at Peking

John K. Davis, for many years American Consul at Nanking, has been appointed First Secretary of the American Legation, at Peking, and will shortly depart for Peking to assume his new post. Mr. Davis, who was born in China, was educated at Pantops Academy, Virginia, and at Wooster University where he received the B. A. and M. A. degrees. Upon his return to China he served for a time as teacher in a Chinese commercial school. In 1910 he was appointed deputy consul-general at Shanghai and two years later went to Peking as a student interpreter. In 1913 he served as vice-consul and interpreter at Canton and the next year was transferred to Chefoo. In 1915 he went to Antung where he has since served with the exception of a short time in 1923 when he served as Mixed Court Interpreter at Shanghai. In 1924 Mr. Davis was appointed Foreign Service Officer of Class Five. Mr. Davis was in Nanking at the time of the Nanking incident and with Mrs. Davis and their little daughter had a thrilling escape from Socony Hill when that place was besieged by Chinese soldiers wearing the Southern uniform. Since that time Mr. and Mrs. Davis have been residing in Shanghai.

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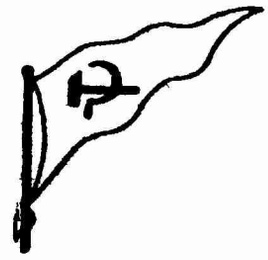

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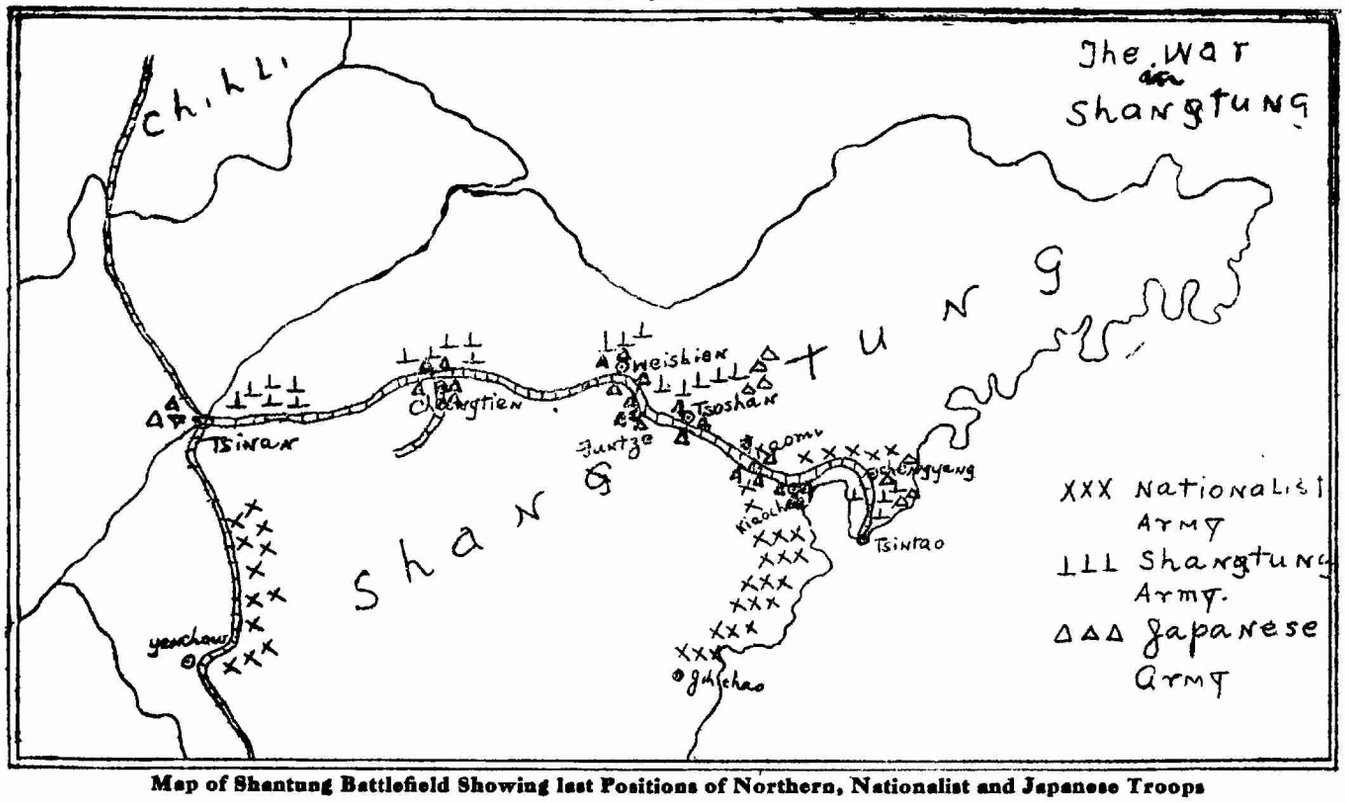
Is China To Be Divided into East and West as Well as North and South?

BY J. B. P.



Map of Shantung Battlefield Showing last Positions of Northern, Nationalist and Japanese Troops

The question at the top of this page, "Is China to be Divided into East and West as Well as North and South?" is inspired by report from Peking circulated by both the British *Reuters* service and the Japanese *Toho* service, alleging that Chiang Kai-shek has sent agents both to Shantung and to Peking suggesting an armistice. The *Toho* report, which was in greater detail alleged that Ho Cheng, an agent of Chiang Kai-shek had appeared in Peking and that he had suggested terms of compromise between Nanking and Peking on the basis that (1) Chang Tso-ling should return to Mukden with the other Fengtien conservatives, but that Marshal Chang be permitted to retain his title of 'generalissimo;' (2) that a people's conference be summoned; (3) that the Central Government should adopt the committee form; and (4) that the Central Government should continue the internal campaign against the communists.

Nanking Denies Reports, However

Civilian officials of the Nanking Government, however, denied the foregoing reports of an attempt on the part of Gen. Chiang Kai-shek to arrive at an understanding with Marshal Chang Tso-ling, attributing them to Japanese attempts to confuse a situation which is already considerably muddled owing to the threatened conflict between Nanking and Wu-Han. However, while denying the reports, there is no questioning the fact that the civilian officials of the Nanking Government are worried at the situation, particularly the rapid advance of Wu-Han troops down the south bank of the Yangtsze, which has necessitated the withdrawal of Nanking Nationalist troops from the Shantung front. As the situation stands now, troops under commanders affiliated with Wu-Han have advanced down the Yangtsze and have occupied Kiukiang, Hukow and are said to be in control of Southern Anhwei as far down as Anking. Gen. Chiang Kai-shek's troops are said to be in control of Anking, the capital of Anhwei, but the difficulty seems to be in making his troops fight. From authoritative sources it is reported that many of Chiang Kai-shek's trusted troops in Kiangsi province have refused to fight the Wu-Han troops, which leaves the Nanking Generalissimo in the embarassing position of being forced to rely on the Northern troops which have at one time or another gone over to the Nationalists from the Northern camp. As a result of this situation it has been necessary for Gen. Chiang to withdraw some of his best troops from the Shantung front to Nanking to meet the new menace.

Wu-Han Suppresses the Communists

The Wu-Han Government is now said to have two policies, one the elimination of the Communists and the other the elimination of Chiang Kai-shek. From the standpoint of the first, the two chief Chinese communist leaders, Hsu Chien and Teng Yen-ta, have been eliminated and many of the Russian advisers who have been in Hankow have departed for the North, presumably trying to get back to Russia through Shensi, Kansu and Mongolia. Michael Borodin, Soviet Adviser to the Wu-Han Government, has gone to Kuling to escape the Hankow heat spell, but it is also reported on pretty good authority that he has found it convenient to get out of Hankow at this time so as not to embarass, or be embarassed by, the new conservative policies of the Wu-Han Government. While some allege that the new policies of the Wu-Han Government are merely 'face-saving' devices and that there has been no change of heart, foreign observers who have been in Hankow recently state that more than 4,000 communists, and radical labor and peasant leaders in Hupeh and Hunan have been executed or killed in the clashes between the peasants and Wu-Han troops.

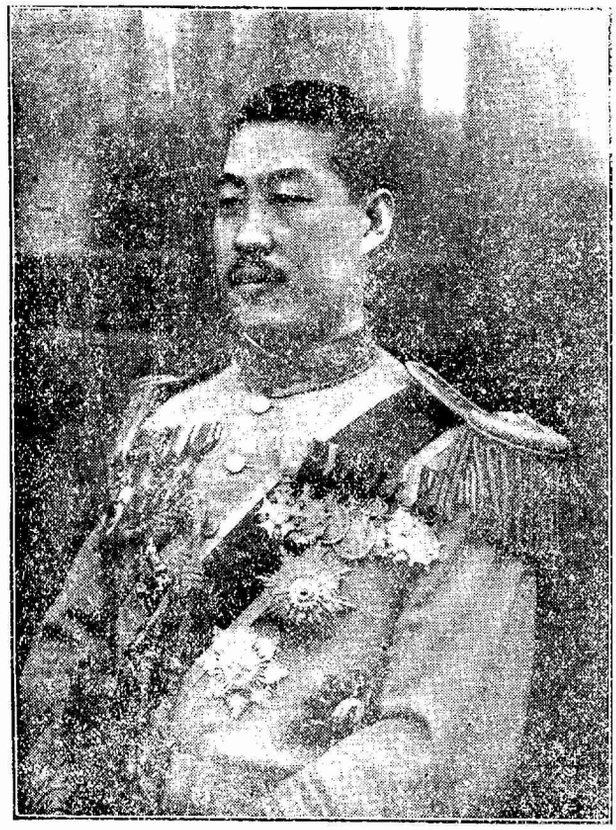
If Wu-Han Becomes Conservative, Then What?

If the Wu-Han Government has become conservative as the reports indicate, then the situation between Nanking and Wu-Han narrows down to a matter of personalities which may require a fight to settle, hence the military and political activities of the next few days and weeks should be fruitful of interesting developments. Probably the most interesting phase of the situation has to do with the Christian General, Feng Yu-hsiang, who is now in complete control of Honan and who is rapidly advancing northward into Western Shantung and the section of Honan north of the Yellow River. There is little questioning the fact that the house-cleaning at Hankow has resulted from the Christian General's advice as conveyed in the telegram dispatched to the Wu-Han Government by Feng immediately following his conference with Chiang Kai-shek at Hsuchowfu. Now, however, since Wu-Han has dropped the Communists, the rumors persist that Feng is now siding with that Govern- ment against Chiang Kai-shek, which ift rue, may be responsible for the reports that the Nanking general is trying to effect an understanding with Chang Tso-ling to offset the Feng Yu-hsiang-Wu-Han combination.

Gen. Yang Ho Raids the Dalbank

Of interest in connection with the foregoing was the sudden raiding of the Soviet Far Eastern or 'Dalbank' located in the International Settlement of Shanghai. The raid took place on Saturday, July 16, and while no documents were removed, it is alleged that copies of all important documents were made including lists of current accounts, contents of safes and even of the bank's private code used in transmitting funds. According to report of the Shanghai Municipal police who conducted the raid, the action was taken on the authority of an order issued by the Provisional Court which was counter-signed by Gen. Yang Ho, local defense commissioner who is a subordinate of Gen. Chiang

Who's Who in China



General Chu Chang-en.

朱長恩字錫綸

General Chu Chang-en was born at Tientsin in 1889. He graduated from the Army Commissariat College, Peking, in 1910. He started his military career in 1912 as the first commissariat officer of the Cavalry Regiment of the Third Division then commanded by Marshal Tsao Kun, the ex-President of China.

When the Third Division was engaged in the expedition to put down the Second Revolution in 1913, General Chu was a Senior Commissary Officer at the Headquarters and also in charge of rear commissary supply station at Hankow. In 1914 he was appointed Chief of the Commissariat of the Southern Hunan Defence Force and concurrently High Military Adviser to the Military Governor of Hunan.

General Chu was Chief Military Supply Officer to the Northern Troops engaged in the expedition against the Yunnan Uprising headed by the late General Tsao Ao. In the following year he was stationed at Changsha in charge of the commissariat service to the Northern forces, defending that province against the Southern intrusion.

In 1917 General Chu became Councillor to the Military Governor of Chihli. In 1918 he was Commissariat-General to the Hunan Expeditionary Forces. In 1919 and 1920 he was with Marshal Tsao Kun who was then High Military Commissioner of Chihli-Shangtung-Honan as Chief in charge of commissariat department.

In 1922 General Chu became councillor of the Ministry of Communications and concurrently chief coucillor to the Directorate General of Forestry and Colonization. He is at present Director of the Tientsin Government Mint.

Kai-shek. Up to the time of writing, no reports had been made of the results of the raid, but it was alleged that the purpose was to find out the accuracy of recent reports that the Dalbank was being used to finance the Wu-Han Government and local communists activities. The actual work of examining the documents in the Bank was handled by White Russians employed by the Shanghai Municipal Council. The Dalbank was definitely sealed and a policeman stationed at the door on Monday, July 18. Civilian officials of the Nanking government allege that they had no prior knowledge of the raid and only learned of it when the Soviet Consul-general called upon Mr. Quo Tai-Chi to lodge a protest.

Men and Events

P. P. Bordwell, manager of the Dollar Lumber department, has returned to Shanghai from a business trip to Hongkong.

Vaughn Brydone-Jack, representative in China for the Canadian National Railways, has departed for Canada on vacation.

Col. G. G. Stroebe, consulting engineer with the Yangtsze River Conservancy Board, Shanghai, has departed for Tientsin on business.

James J. Ellis, a member of the advertising staff of *The China Press*, died at the Shanghai Country Hospital on Tuesday, July 12.

H. S. Liang, a Chinese student in journalism in the United States, has joined the editorial department of the *Detroit News*, Detroit, Mich.

H. P. Shastri of Shanghai is the author of an interesting pamphlet entitled, "Understand China," copies of which are available at the rate of five for $1.

J. C. Huston, formerly American Consul-General at Hankow has been appointed Consul-General at Canton in place of Douglas Jenkins who has returned home on leave.

Putnam Weale, author of "Letters from the Yangtsze Valley," in which he attacked the Nationalist government, has been appointed adviser to Generalissimo Chang Tso-lin.

Paul O. Nyhus, special investigator for the U. S. Department of Agriculture, who has been in Shanghai for some time has departed for Tsingtao, Tientsin and other points in North China.

G. N. Marshall, manager of the National City Bank in Shanghai has been promoted to the vice-presidency of the head office in New York and is departing this fall to assume his new duties. Mr. Marshall is a British subject.

C. E. Seymour, manager of the Robert Dollar Company in Tientsin, accompanied by Mrs. Seymour, arrived in Shanghai last week after a vacation spent in the United States. They are proceeding to Tientsin shortly.

Wm. H. Chamberlin, foreign correspondent for the *Christian Science Monitor* of Boston has returned to Shanghai from a visit to Hankow. He is living at the Plaza Hotel and plans to remain in Shanghai for several weeks.

Jotaro Yamamoto, chief secretary of the South Manchuria Railway Company, has been offered the presidency of the Railway, according to a *Toho* message from Tokyo last week. The previous president, Mr. Yasuhiro, has resigned.

General Hwang F[illegible], Mayor of the Chinese sections of Shanghai, was host to members of the Consular Body and local foreign officials and merchants at a reception at the Bureau of Foreign Affairs on Saturday afternoon, July 16.

Paul Hutchinson, formerly of Shanghai, is the author of a new book entitled "What and Why in China," which has just been published by Willett, Clark and Colby, 440 S. Dearborn Street, Chicago. The price of the book is $1 in U. S. Currency.

The total number of motor vehicles licensed in the International Settlement of Shanghai is 5,984, according to a report of the Secretary of the Municipal Council last week. The uumber of private cars is 3,941 and the number of taxicabs is 548.

I. S. Perry, a broker of Hongkong, who died in Shanghai recently, left a sum of $150,008 to be used in founding a school in Shanghai for Jewish children, provided the Jewish community in Shanghai raises a similar sum within a period of two years.

F. C. Claypool, correspondent for the *Associated Press* at Manila, accompanied by Mrs. Claypool and their daughter, were in Shanghai last week on their way home to the United States. Mr. Claypool is being transferred home on account of illness.

Ginarn Lao of Shanghai who is the representative of Nanyang Brothers Tobacco Company, Ltd., at Rock Mount, North Carolina, contributed an article on the subject, "China and Her Struggle for Independence," to the *News and Observer* of Raleigh, N. C.

In the case in which the Tobacco Products Corporation, an American concern, had been sued for $25,000 by the Chinese firm Van Ziang Kung Kee and Company, Judge Milton D. Purdy in the United States Court for China, Saturday, July 16, rendered a decision against the Chinese plaintiffs.

Mrs. W. R. Johnson, daughter of Judge and Mrs. Milton D. Purdy, departed from Shanghai last week for America

where she will visit Mrs. Purdy who is now at home. Mr. Johnson will also proceed to the United States shortly, joining his wife in New York.

Roger S. Greene of the Rockefeller Foundation at Peking who has been in Hankow for some time, has returned to Shanghai. Mr. Green went to Hankow sometime ago accompanied by a force of physicians and nurses for the purpose of assisting the Nationalist forces in caring for wounded soldiers from the Honan front.

S. C. Kingsbury, manager in Shanghai for the firm of Connell Brothers, wholesale grocery firm of Seattle, has been elected vice-president of the American Chamber of Commerce at Shanghai in place of Capt. W. I. Eisler, who resigned sometime ago and returned to the United States.

Julean Arnold, American Commercial Attache has gone to Hankow for the purpose of investigating business conditions in the territories under the Wu-Han Government, following which Mr. Arnold plans to proceed to Peking for an investigation of business conditions in North China.

Manuel Queson, prominent Filipino politician, accompanied by his physician and secretary and Felipe Buencamido, prominent attorney of Manila, arrived in Shanghai last week for a stay of several days. They are planning to proceed to Nanking to visit the officials of the Nationalist Government.

Van Lear Black, publisher of the *Baltimore Sun* who is making an airplane flight from Amsterdam to the Dutch East Indies reached the town of Dum Dum on the outskirts of Calcutta, India, June 25, having flown 450 miles from Allahabad, according to a report appearing in the American newspapers.

Lady Drummond Hay, well-known English journalist, wife of the late Sir Robert Heywood-Drummond Hay, British Consul in Syria, has arrived in Tientsin for the purpose of investigating the China situation for a series of articles to be published in a syndicate of British and American newspapers. Lady Hay was in Shanghai several weeks ago.

Miss Suzanne Yun-ying Chang, daughter of Chang Ching-kiang, chairman of the Central Executive Committee of the Kuomintang at Nanking, was married on Friday afternoon, July 15 to Edwin Shou-yin Zunn. The wedding took place at the Majestic Hotel. Both Mr. and Mrs. Zunn are returned students from the United States, Mr. Zunn being a graduate of Harvard.

Upon the recommendation of Admiral C. S. Williams of the U. S. Asiatic Fleet and Admiral H. H. Hough of the Yangtsze Patrol, Secretary of the Navy Wilbur has sent a letter of congratulation to Commander Roy C. Smith, Jr., of the Destroyer *Noa* who assisted in the rescue of American citizens, including Consul John K. Davis and Mrs. Davis and their child, who were marooned on Socony hill at the time of the Nanking incident.

Vincent Sheean, special correspondent in China for the *North-American Newspaper Alliance*, who has been in Hankow for some time has departed overland for Taiyuanfu, Shansi province where he hopes to interview Gen. Yen Hsi-shan, the so-called 'model' governor of China. Mr. Sheean, who was accompanied only by a Chinese interpreter, first went to Loyang where he interviewed the Christian General, Feng Yu-hsiang, following which he started across country for Shansi province. He will make the trip by ricsha, sedan-chair, boat and afoot.

L. Fred Patstone, well-known American engineer of Shanghai and Manila died at the Shanghai General Hospital on Wednesday evening, July 13. Mr. Patstone was a native of Providence, R. I. and went to the Philippines as an officer in the U. S. Army. Later he became city engineer of Manila and after several years in that position resigned and came to China where he joined the Asia Development Corporation, 1922-1923. Mr. Patstone was superintendent of important reclamation projects along the Yellow River in Shantung province. He is survived by Mrs. Patstone, a brother and two sisters.

Six American Congressmen were in Shanghai for a short time last week on a trip through the Orient which included the Philippines, China and Japan. The party included: Robert G. Simmons, of Nebraska, Republican, member of the Appropriations Committee; Joseph W. Byrnes of Tennessee, Democrat, also a member of the Appropriations Committee; Frederick R. Lehlbach, New Jersey, Republican, member of the house committee on Merchant Marine and Fisheries; Elmer O. Leatherowood, Republican representative from Utah, member of four House committees including Banking and Currency, Pensions, Irrigation and Reclamation, and Expenditures on Public Buildings; William W. Arnold Illinois, Democrat; and James G. Strong, Republican cong, ressman from Kansas.

From the Chinese Press

July 12—Kuo Ming (Nanking) news agency report states that Chinese in Shanghai French Concession have notified the French Municipal Council that (1) all matters affecting French Settlement must be submitted to Chinese Ratepayers for approval; (2) that recent increase in taxes must be dropped; (3) that Chinese members of French Council must be appointed by Chinese Ratepayers instead of being appointed by French Consul-General—Shanghai Young Women's Association takes up subject of problem of women laborers, also marriage and divorce problem—Shanghai-Woosung Police forbid holding of public meetings without police authority—Night traffic resumed on Shanghai-Woosung Railway—Foreign Ministers in Peking discuss question of Nanking Government's customs surtaxes and decide to ask home governments for instructions—Tokyo Report by *Toho* states that troops of Gen. Chen Yi-shin which rebelled at Kiaochow, are retreating toward Jihehao—Anti-Japanese Boycott Committee at Canton adopts regulations regarding trading in Japanese merchandise exempting certain articles necessary in social life which cannot be obtained elsewhere—*Toho* reports that Northern troops have captured Hsuchowfu, but report denied in Shanghai-*Toho* report from Hongkong states that Gen. Chen Chia-yu, who declared in favor of Wu-Han when Gen. Li Chi-shen captured Canton on behalf of Chiang Kai-shek, has retreated to Hunan and is menacing the Kwangtung border and threatening the Kwangtung section of the Canton-Hankow Railway—Madame Borodin and three Russian Couriers released on bail following court trial in Peking—Chinese boycotters in Canton decide to call out all Chinese servants from homes of Japanese—Serious floods in Southern Anhwei province—Bei Tsung-chi advancing northward in Eastern Shantung reported to have captured Tatungheh—Large mass meeting at Yangchow protests against landing of Japanese troops—Yu Ya Trading Company fails in Tientsin for $5,000,000 (Chinese concern)—Chang Tso-ling's publicity bureau in Peking decides to employ some foreigners—Y. M. Chian, vice-Minister of Finance of Nanking Government in statement declares that foreigners have no legal grounds for protesting against the Government's issuance of $60,000,000 in bonds on Salt revenue of Kiangsu and Chekiang provinces—Bei Soong-Sung, new manager of Bank of China at Shanghai states intentions of organizing banking organization to encourage China's international trade.

July 13—Toho states Northerners have captured Hanchuang, but Chang Tso-ling, fearing flank movement orders Northern troops not to advance—*Toho* states that Madame Borodin, who was released on bail, will shortly depart for Russia—Nationalists claim to have captured Nincheng, Shantung forcing Northerners to retreat across Yellow River—*Kou Wen* states that Northern generals Chang Chung-chang, Chu Yu-puh, Hsu Kun and Hsu Yuan-chuan hold conference and decide to rush more troops to hold Kiaochow-Tsinan line—Fengtien forces strengthen position at Paotingfu due to Feng-Yu-hsiang's crossing Yellow River—Wang Chung-wei assumes office as Minister of Justice in Nanking—Nanking Government appoints Chen Chung-loh as Commissioner of Foreign Affairs for Kwangtung province—Wang Ying-tai, Minister of Foreign Affairs, refuses to serve and leaves Peking on account of 'illness'—Gen. Hsia Taoying at Hankow announces his opposition to Tang Shen-tse—Nanking report by *Kou Wen* states that Government has appointed Chang Chin-kiang, Wang Chung-hui, C. C. Wu, Koo Yin-feng and Y. M. Chien as committee to deal with question of abolition of likin,—Yang Yu-ting, hurriedly returns to Peking from Mukden—*Kou Wen* report states that Li Hur-sung, Managing director of Shanghai--Nanking and Shanghai--Hangchow railway agrees to purchase 9 new locomotives from England as a result of the British giving consent for the transferrence of six locomotives across the Yangtsze at Nanking to the Tientsin-Pukow Railway—Peking Foreign Office lodges strong protest with Japanese over landing of troops in Shantung—Failure of Union Trading Company in Tientsin causing serious financial situation and Chinese banks try to effect relief measures for reviving company—*Kou Wen* states that Japanese have asked Chiang Kai-shek to send a representative to Tsingtao to inspect the Japanese troops and activities on the Shantung Railway to prove Japan's good intentions—Peking report states that Fengtien forces have been withdrawn to Shengtuh and Shihchiachwang owing to advance of Feng Yu-hsiang—Kuo Min (Nanking official) news agency reports that Central Political Council appoints Wang Chung-hui member of Council of Nationalist Government; that the first provincial prison of Kiangsu be made central prison of Nationalist Government; that Ministry of Finance make appropriation to Chungshan University at Canton; that Ministry of Justice make examination of plan for reorganization of Kiangsu courts—*Kuo Wen* military dispatch claim-

New Books of Interest in the Far East

The Benefits and Losses of Imperialism

Imperialism and World Politics, by Parker Thomas Moon, Ph. D., Associate Professor of International Relations in Columbia University. New York: The Macmillan Co. 1926.

This is a painstaking investigation into the methods used by the "progressive" races of the world in securing territorial and political dominion over the "backward" peoples. The outstanding conclusion of the author is that in the majority of cases imperialism of any kind, even economic imperialism, when reckoned in dollars and cents, does pay. Probably the only exception has been the case of the not British Empire, but it was built up at a time when world conditions were quite different from those existing at present, and even here the cost of maintaining the imperialistic ties are proving an exceptionallv heavy burden on the taxpayers at home, out of all proportion to the benefits which they derive.

The people who are the great protagonists of imperialism are those who profit by it. Some of the arguments that they use are really laughable. The great explorer, Henry M. Stanley, made most of his money out of the King of the Belgians in the Congo, and King Leopold made some of his money by cruelly ill-treating the natives. Be it remembered that Stanley believed in Christianizing the Africans, and in an address before a Manchester audience, when soliciting funds for his enterprises in the Congo basin, he used as an argument that if the naked denizens of Africa became Christianized and wore clothes only once a week (on Sundays to go to church) the demand for Manchester cloth would be greatly increased.

Cecil Rhodes accomplished wonders in extending the territory of the British Empire, but how has the average citizen of England benefited thereby? Cecil Rhodes, Alfred Beit and others amassed huge fortunes under the aegis of British rule but if a young British workingman wants to buy a diamond engagement ring for his bride he doesn't seem to be able to get the diamond cheaply as the result of the diamonds being mined uuder the British flag. There are of course exceptions, but the main benefit of economic imperialism has gone to the big cocoa manufacturers, to the soap manufacturers, and to other manufacturers who either needed raw products, or who secured special markets as the result of special tariffs exacted under the protection of the flag of their country.

It is only true in a very small degree the "trade follows the flag." To the great majority of nations the idea of securing trade as a result of adding to the territorial dominions has proved an *ignis fatuus*. A few examples will show that the argument that colonies are necessary for the purpose of supplying a country's raw materials is mostly fallacy. America has a tropical colony in the Philippines, but its enormous purchases of rubber come from a land over which the British flag waves.

England has a tremendous colonial empire, but despite all its efforts of half a century it buys the bulk of its cotton in the United States. Less important instances of the fact that products care little for flags are that Belgium, which has an enormous colonial empire, has to buy its large requirements of nickel from a French colony and, while much cotton is grown in French Indo-Chine, the export is not to France, but to China and Japan.

The outstanding fact in the world's geography is that the Caucasian race has during the past century or more built an economic and politicial ring around the other races of the world. Even under the most favorable circumstances, when the browns, the yellows and the blacks were inarticulate and unprepared, the cost of maintaining the naval and military establishments incidental to maintaining a colonial empire made the economic value of the colonies a matter of doubt—this, without figuring in the wars that have resulted as the result of the principals fighting over their respective claims. Nowadays, with an awakening among the "backward" peoples the imperialistic structure is beginning to break down, if, for no other cause, for economic reasons.

Of course, there is one kind of imperialism that would seem to pay, the kind practised by the Anglo-Saxons in America. The author has little to say on this subject, but through one cause or another the native Redskins were mostly exterminated and Anglo-Saxons now occupy the lands over which they at one time held sway—and they happen to be very rich lands at that.

G. W. M.

How To Study Chinese

A Course in the Analysis of Chinese Characters. By Raymond Bernard Blakney. The Commercial Press, Ltd., Shanghai.

Whatever may be the future of the foreigner in China, it seems beyond question that henceforth some knowledge of the Chinese will be necessary for achievement of even a moderate success in this country. No longer can the study of language be exclusively a missionary pursuit, and since study of the Chinese spoken language in any thorough manner almost automatically entails some knowledge of the written characters, such books as this one of Professor Blakney's—giving, as it does, valuable aid in the study of both written and spoken Chinese—should be of increasing importance.

In his preface the author explains something of the difficulties of giving a systematic approach to a reading and writing knowledge of Chinese characters. While acknowledging that there still exists a large number who argue that explanations of the compositions of characters must be more difficult than the characters themselves, Professor Blakney is of the opinion that "for the person to whom a knowledge of Chinese characters as a usable medium of communication will be ncessary, there can be no doubt that the best means to his end is to be found in the analysis and systematic classification of the characters." Personal experience confirms the author's view that, though it is not difficult to learn 100 characters or so by rote, a more intelligent method should be followed if the study is to go farther.

One of the best features of the book is an historical sketch of the development of Chinese characters with an illustrative chart which, by the examples of several common characters such as those for fire, water, mountain and sky, shows how these characters developed from the prehistoric crude picture writing through the great and small seal stages to that of the "Li Shu" brush-writing period. Then came the simplified and literary period of "Ts'ao Shu", of "grass writing", the compromise period of "Pa Fen Shu" when over-simplification gave way to a modification of the official "Li Shu", and finally the present "K'ai Shu" with its modification into the running hand. This includes all manner of individual abbreviations and simplifications and in appearance superficially resembles the more exact "grass hand" still used on wall scrolls in memory of the literary age of which it was a result.

When the analysis—of which the book largely consists—is taken up, one is given a most comprehensive account of each character considered. There is a reproduction of the old seal character, pronounciations in Mandarin, Foochow dialect and Amoy dialect, the meaning in English, the radical, and an account of the probable development. It is in this last feature that one is grateful for the author's observation that "the principle of ideographic explanation of Chinese characters seems to have captured the imaginations of foreign writers so securely as to color beyond recognition their interpretation of the source material they draw on." Professor Blakney has avoided this and other pitfalls to such good purpose that—while he accepts ideographic explanations where they obviously fit—he has assembled a surprisingly varied array of explanations of the different present character forms. It is excellent pedagogy and, by the same token, good reading for anybody.

Peking, July 14, 1927. R. G.

Chefoo occupied by troops of Gen. Pih Shu-cheng; that Gen. Chen Yih-shen's troops numbering 20,000 march southward to effect juncture with Bei Tsung-chi; that Japanese handicapping Nationalists activities and lending assistance to Northerners.

July 14—Messrs. Yasuhiro and Chira, president and vice-president of the South Manchuria Railway Company arrive in Tokyo for the purpose of handing in their resignations—Chief Judge Ho Chien of Peking Supreme Court who handed down decision releasing Madame Borodin, flees to Tientsin owing to threatening attitude of military who are angered at decision while Shen Chia-yi, head of the Supreme Court has been locked up in his residence and a guard placed around his house; strong agitation started for re-arrest of Mrs. Borodin and Soviet couriers by Gen. Wang Chi of the Peking Garrison and Wu Chin, vice-minister of foreign affairs; entire staff of Chang Tso-ling highly incensed at action of Court in releasing them; Wu Chin demands of Doyen of Diplomatic Corps the right to enter Soviet Embassy to rearrest Mrs. Borodin, but Dutch Minister refuses on grounds that the Russians had a fair trial and could not be re-arrested—Li Ching-fang, representative of Yen Hsi-shan in Peking reported to have told Chang Tso-ling that in order to 'consolidate the general situation' in China it was necessary for Marshal Chang to abolish the office of Generalissimo and 'change his attitude to a more appropriate one'—*Kuo Wen* (Nanking) Agency announces proposals governing the Government Supervisory Board of the Nanking Government which shall have power of impeaching officials, to review and pass on legality of Governmental actions, audit Government

(*Continued on page VI*)

The Report on

EXTRATERRITORIALITY

Copies of the Report of the International Commission which investigated the Practice of Extraterritoriality in China may be obtained by addressing The China Weekly Review, enclosing the sum of $1,00 to cover cost and postage.

The Report contains four sections as follows:

Part I.—Present Practice of Extraterritoriality in China.
Part II.—Laws and Judicial System of China.
Part III.—Administration of Justice in China.
Part IV.—Recommendations.

In addition there is an appendix containing the Declaration of the President of China to reform the laws and administration of justice; a summary of clauses from the treaties containing the Extraterritorial provisions; a list of modern Chinese courts and prisons and a report of the Committee which toured North and Central China investigating conditions.

THE CHINA WEEKLY REVIEW

4, Avenue Edward VII
Shanghai.

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity	Sale Price July 14th	Sale Price July 14th	Approx. Yield to Maturity July 14th
Czecho-Slovak Govt. Sinking Fund Loan...	8	Oct. 1, 1952	108½	107⅞	7.35
Czecho Slovak Government Ext. S.F. Loan..	7½	Oct. 1, 1945	105¼	105½	6.95
Republic of Chile S. F. Loan	7	Nov 1, 1942	100½	101	6.90
Argentine Government Ext. S. F. Loan.....	6	May. 1, 1960	99	99¼	6.05
Kingdom of Italy, Ext. S. F. Loan.....	7	Dec. 1, 1951	95¾	94⅞	7.50
Austrian Government S. F. Guaranteed Loan..	7	June 1, 1943	103¼	104	6.60
French Government Ext. S. F. Loan.....	8	Sep. 15, 1945	110⅞	110¼	7.00
Japanese Govt. (£)	5	1907/1947	78½	80	6.85
German Governments S. F. Loan.....	7	Oct. 1, 1949	107⅓	106⅞	6.40
Deutsche Renten Bank 1st Lien Farm Loan	7	Sept. 15, 1950	102⅛	101⅞	6.85
Saxon Public Works Inc. 1st Mtge. Guaranteed S. F. Loan....	7	Feb. 1. 1945	102½	101¾	6.85
German General Electric Co. S.F. Loan....	7	Jan. 15, 1945	104½	104⅛	6.60
Finnish Guaranteed Municipalities S. F. Loan	6½	Oct. 1, 1954	99	98	6.65
Chicago Rapid Transit 1st. & Refunding Mtge.	6½	July 1, 1944	98	98	6.70
Northern Ohio Power & Light Co. Debentures .	6½	Jan. 1, 1941	98½	98½	6.65
Cuban Domin. Sugar Co. 1st Lien S. F. Loan...	7½	Nov. 1, 1944	100½	100¼	7.50
Camaguey Sugar Co. 1st. Mtge. S. F. Loan	7	Oct. 15, 1942	100½	99¾	7.05
Pennsylvania Dixie Cement Corpn. Cumulative	7	Pfd. Stock		97½	7.18
Victor Talking Machine Company Cum. Prior..	7	Pfd. Stock	98½	97½	7.18
Willys Overland Co.....	7	Pfd. Stock	91	90	7.78
The National City Bank of New York.....	20	Stock	549	560	3.57

The National City Company, The National City Bank Building, No. 2A Kiukiang Road, Shanghai, China.

These quotations are subject to confirmation by the National City Company of New York.

Shanghai Exchange for Week Ending Wednesday, July 20, 1927

By Maitland, Fearon and Brand

Echange:—The price of Bar Silver in London has improved during the past week: today's quotations 26 1/16d. ready and 26 1/8d. forward are respectively 1/16d. and 1/8d above those ruling this day last week.

The official T/T rate on London remains unchanged at 2/6 1/32d. The exchange market has been very quiet but on the whole steady, during the week sycee to approximately 4½ million taels has left the port. No. special feature in regard to the exchange market can be recorded. at the close the market is dull with the following rates for gold remittances available:—T/T London 2/6 13/16d., New York 62 3/4, Yen 75. 4 m/s export paper can be placed, Sterling 27 3/8d., G.$64 1/8.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver.....Tls. 65,026,000 a decrease of Tls. 4,434,000
Chinese and Mexican Dollars..... $81,870,000 an increase of $ 2,020,000
Estimated value Tls. 123.972,000 as against Tls. 121,564.000 held at this time last year.

	Average rates for June	Thursday July 14	Friday July 15	Satur. July 16	Mon. July 18	Tuesday July 19	Wednesday July 20
Bank's selling rates		*opening closing*	*opening closing*	*opening closing*	*opening closing*	*opening closing*	*opening closing*
T/T London	2/6.636	2/6 1/2	2/6 1/2	2/6 1/2	2/6 1/2	2/6 1/2	2/6 1/2
D/Dfts ,,	—	2/6 9/16	2/6 9/16	2/6 9/16	2/6 9/16	2/6 9/16	2/6 9/16
4 m/s ,,	—	2/6 3/4	2/6 3/4	2/6 3/4	2/6 3/4	2/6 3/4	2/6 3/4
T/T India	170.708	170¼	170¼	170	170	170½	170½
T/T France	1.571.416	1575	1575	1575	1575	1575	1575
T/T N. Y.	62.021	61 3/8	61 3/4	61 3/8	61 3/8	61 3/8	61 3/8
T/T Hamburg		61 7/8	61 3/4	61 7/8	61 7/8	61 7/8	61 7/8
T/T H'kong		260½	260	260	260	260	259½
T/T Japan	78.615	79	79	79½	79	79	79
T/T Batavia	75.333	76	76½	76 3/8	76½	76 3/8	76
T/T Straits	154.312	153½	153½	153½	153½	153½	153½
Bk's buying rates	90.844	91¼	91¼	91¼	91¼	91¼	91¼
4 m/s B/L. Cred/ D/A	2/8.636	2/8½	2/8½	2/8½	2/8½	2/8½	2/8½
4 m/s ,, D/P	—	2/8 5/8	2/8 5/8	2/8 5/8	2/8 5/8	2/8 5/8	2/8 5/8
6 m/s ,, B/L Cred D/A	2/8.948	2/8 13/16	2/8 13/16	2/8 13/16	2/8 13/16	2/8 15/16	2/8 15/16
4 m/s B/F Cred D/A or D/P							
4 m/s N.Y.Lc	1.710.416	1705	1705	1705	1705	1705	1705
4 m/s ,, Docs	65.521	65¼	65¼	65½	65¼	65¼	65½
	—	65 3/4	65 3/4	65 3/4	65 3/4	65 3/4	65 3/4

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling Bullion.	July 14	July 15	July 16	July 18	July 19	July 20
*London Price of Bar Silver per oz. (English Standard 925 touch)..Pence						
**New York Price of Bar Silver per oz. (Pure)	25 7/8	25 7/8	25 7/8	25 15/16	26	26 1/16
Shanghai Price of Gold Bars (weight Tls. 10 (Changping) 978 touch).....	G. $.56 1/8	G. $. 56 1/8	G. $. 56 1/4	G. $. 56 1/4	G. $.56 1/2	G. $.56 1/2
Shanghai Silver Bars (weight Tls. 100 (C.) 999 touch)	Tls. 368.80	Tls. 368.40	Tls. 366.80	Tls. 363.60	Tls 362.40	Tls. 363.00
Shanghai Mexican Dollars per $100.....	110.90	110.90	110.90	110.90	110.90	110.90
Native Bank Rate of Interest (Call money).....	72.525	72.40	72.40	72.4625	72.50	72.55
*Closing Price in Lond on for Previous day	7%	7%	8%	8 1/2%	8%	4 1/2%
**Closing Price in New York for Previous day						

Bank of England rate of discount	4½%	London Paris on	T/T 124.01
Bank of France rate of discount	5%	New York on London	T/T 485½
London open Market of Dis. 3 m/s	4 5/8%	Bombay on London	T/T 1/5 27/32
,, 4 ,,	4 5/8%	Hongkong on London	T/T 1/11 7/8
,, 6 ,,	4 3/8%	Kobe on London	T/T 1/11 1/8